CHAPTER XI
THE NEW MUNICIPAL STRUCTURE

I. Introduction

1. As we have emphasized repeatedly in earlier chapters, our major recommendations are interdependent. They are designed to supplement one another and to form a rational whole. In this chapter we will discuss the new structure, functions and powers of municipal governments on the assumption that all of our other major recommendations have been put into effect. A summary of the recommendations made in this chapter is provided at the end of the chapter (Section XXII).

2. It has by now become apparent that there will be major changes in the role of municipal government if our recommendations concerning education, welfare, hospitals and public health, justice and detentions are adopted. In the next chapter we will recommend also that the assessment of property and the operation of collection offices for municipal and provincial property taxes be transferred to the provincial level, and in this chapter we will urge that municipalities be relieved of administrative responsibilities in the field of civil defence. The essence of these recommendations is that responsibility for general services of province-wide importance should be placed at the provincial level and responsibility for services of a local nature only at the municipal level of government. While our major recommendations would radically alter all forms of municipal government, they would have their greatest effect on the county administrative unit. In fact, they would leave these county governments with programmes of a very minor nature, not enough to justify the significant costs of continuing the county administrative units in the same form as has existed in the past. The only programmes which would still be under their supervision would be such minor matters as local abattoirs, markets and libraries. It is our intention that these programmes should continue, but they do not require the costly superstructure of county government which now performs them. We will recommend in this chapter new, more flexible agencies of local government, to be called villages and local service districts, which would as one of their functions take on the minor programmes now performed by county governments and continue them on behalf of and at the cost of the same ratepayers who have authorized them in the past.

3. We do not feel that disappearance of the county units would have a serious effect on governmental responsiveness to the needs of residents of rural areas. Even as matters now stand, the counties have become mainly tax collecting agencies — a function which they are singularly equipped to perform. There is no important function or field of government responsibility for which they are empowered to formulate policy; they can shape provincially-initiated programmes only by saying “no” to an optional arrangement or by dragging their feet. Nearly two-thirds of the revenue which they now have to raise goes to the public schools and their tax fields are inadequate for the revenues they are asked to produce. They possess vestigial administrative powers which cannot be properly exercised on their present fragmented basis: The size of their operations is too small for them to engage able professionals in this age of specialization. It is time that the harassed county officers be released from the impossible position in which time and change have placed them.

4. The elimination of county government was not arrived at as a direct policy decision on our part. It is the result of our various decisions concerning the most effective ways in which the various tasks now performed by municipal governments could be performed. On reflection, however, one can see that this outcome is an inevitable consequence of the changes of the past half century.

5. It should not be thought that the disappearance of county councils would spell an end to the counties themselves. Local identities are deeply rooted and no onslaught upon them is intended. The counties would continue to exist as distinctive areas with all their proud histories intact. Local loyalties have not sprung from the accidents of the drawing of municipal boundary lines nor from the meagre functions of county councils. We expect that the passing of the county councils would go unremarked by most rural residents of the province, except when they found that they had more convenient access to officers of the provincial government who were in a position to take effective action to remedy whatever might be wrong. It should be remembered that we are not recommending the centralization of administration. We are recommending the centralization of responsibility and the decentralization of administration in regional offices located where they can best serve the residents of all parts of the province.

6. Besides the counties, the municipalities comprise six cities, twenty-one towns, one village, about fifty active local improvement districts and,
so far as we can determine, ten local administrative “commissions”, such as, Albert Fire and Water and Andover Water. In addition to the cities, towns and village there are about 250 communities having a population of 300 or more scattered throughout the province. The names and locations of these communities are listed in Appendix I.

II. The New Municipal Structure

7. We consider that the existing municipal structure should be modified. We should end the distinction between towns and cities except that these designations may remain a convenient indication of their approximate size. The present village of Port Elgin is too small to support the general government costs of a full-fledged urban municipality; it should revert to a simpler form of municipal structure, as recommend below. It will be noted from Table 1:2 (column 4) of Chapter I that Port Elgin’s equalized tax rate is the highest of any city, town or village in the province. The rural administrative commissions pre-date the local improvement districts and should have been given that status when the latter were introduced at the end of Second World War. We are told that a majority of the local improvement districts maintain inadequate financial records and the dividing line between the public works which they pay for themselves and the improvements provided for them by the Department of Public Works from general provincial revenues is neither uniform nor logical.

8. We recommend that the areas of competence and responsibility of all units of government be much more clearly delineated. In the process, the tangle of overlapping statutes of great diversity which currently regulates the structure and taxing powers of local government should be swept away and replaced by a single comprehensive municipalities act. All existing legislation pertaining to municipalities should be repealed. These include the present so-called general acts for cities, towns, villages, counties, local improvement districts, the rural commissions, community planning and control of municipalities, as well as any parts of public or private acts respecting individual municipalities which are inconsistent with or in any way exceed or impinge upon matters dealt with in our recommendations.

9. It is an integral part of our programme that the operation of all municipalities should be narrowly and specifically prescribed. There should be a statutory proscription of any activity or expenditure by a municipal body other than those enumerated in the new, single, comprehensive municipalities act.

10. To make it easier for the reader to follow our recommendations for the modification of the structure of municipal government, we have used some new terms which we believe are more descriptive. We recommend that the entire province fall into one or other of the following classifications: (1) the municipalities: cities, towns, and villages; (2) rural areas: (a) Local service districts to be administered directly by a new Municipal Affairs Commission and (b) other territory within which no services of a local nature are provided; and (3) the provincial and federal crown lands and forests.

11. We also recommend that a Municipal Affairs Commission be established to assume the duties of the present Department of Municipal Affairs and to take on additional ones, to tighten up the supervision and control over the activities of the municipalities.

III. Cities and Towns

12. Under our recommendations, there would be no difference whatever between the cities and towns except their name and population size. Cities and towns should have identical administrative and financial powers and should provide whatever local services their residents desire and are prepared to pay for. Their functions would be confined to the provision of those services which are mainly of local interest: streets, roads, sidewalks and street lighting; fire and police protection; water; storm and sanitary sewerage and sewerage disposal; parks, community services and recreational facilities; urban redevelopment and community planning. They would derive their powers from and be regulated by the new municipalities act.

IV. The New Villages

13. The new villages should possess the powers specifically enumerated for them under the new municipalities act. They would operate under an elected board of control mainly to provide local services for the residents of an area having less than the population required for town status, and the range of their services would not be as great as for a city or town. A village could be formed only after the Municipal Affairs Commission granted authorization after determining that the population within a prescribed area was large enough, and sufficiently concentrated, to support the services to be provided. The Commission should define the boundaries of new villages and be empowered to revise boundaries when the municipal services desired by residents of contiguous areas can be most economically administered by the village. Boundaries should be closely drawn around the settlement to be provided with local services and should not include adjoining farm or forest areas. The parish should cease to exist as an administrative unit, along with the county.

14. We have referred to the unsatisfactory
state of many of the local improvement districts. Many maintain records inadequate for the proper control of their financial undertakings and many submit unsatisfactory and incomplete financial reports to the Department of Municipal Affairs. There is insufficient scrutiny of their debt operations. It is not even known with certainty how many of the districts which have been incorporated over the years are still active and how many are not in operation. The Department of Municipal Affairs is trying to impose some order and control upon their affairs but this is exceedingly difficult under present arrangements.

15. We recommend that the existing incorporations of all of the local improvement districts and of the rural commissions both be rescinded. This would enable the new Municipal Affairs Commission to make a fresh start. Any district or commission which has its affairs in tolerably good order would be permitted to incorporate as a village provided that incorporation is approved by at least 60 per cent of the ratepayers who vote in a plebiscite held to determine the question. All other districts should revert to the status of what we have termed local service districts. The nature of these districts is discussed in Section V.

16. We recommend that a special office of the Municipal Affairs Commission exercise close supervision over the new villages, that the municipalities act require that financial statements be filed quarterly and that spot audits be made periodically in addition to regular annual audits by qualified independent auditors under the direction of the Auditor General as recommended in Chapter 16. The villages should be required to inform the Commission of the steps taken to comply with the statutory provisions governing their activities and secure the Commission’s approval of their actions. The Commission should ensure that elections are properly conducted, that the treasurer is bonded, that proper accounts and records are kept and that the district undertakes only programmes and expenditures expressly authorized by the new municipalities act. Failure to comply with the statutory provisions should cause a village to be deprived of its incorporated status and to revert to a local service district for administration directly by the Municipal Affairs Commission.

V. The New Local Service Districts

17. The many scattered settlements in rural areas are an especial problem of municipal administration in all provinces. These small clusters of people require only one or two of the local services or public works which are normally provided by municipalities — a residential street, for example. It is not practical to form a separate administrative unit for such purposes. But while these communities are not large enough to form viable municipalities, the local services which they require should nevertheless be paid for by the residents who enjoy them. Such local financial responsibility for local services is in fact basic to the scheme of municipal finance which we are proposing. There is the additional important consideration that the provision of public works by the provincial government without a direct charge to the residents concerned serves to stimulate appetites to the point of wasteful expenditure.

18. There should be a separate office of the new Municipal Affairs Commission to administer the districts which require only limited local services and which we have termed local service districts. The Commission would hold plebiscites on proposals for local public works and services; float and administer any debt incurred for capital projects in compliance with the procedures and restrictions which we recommend in Chapter 14; and impose the taxes required to pay for the local services, these taxes to be collected by the tax collections branch of the Commission in the same way as we recommend in Chapter 13 for all other levies on real property. The local service districts would not be incorporated and would have no elected officials or administrative officers of their own. Whatever services they desired would be provided for them by the Municipal Affairs Commission.

19. The Commission would charge the districts being administered for the full cost of administration, with the cost to be paid by real property taxes and unconditional grants as recommended in Chapter 14. The Commission should also be empowered to order that a plebiscite be held to determine whether a district being administered by it should be incorporated as a village whenever it appears that the district could operate efficiently as a village.

20. About 70 communities have been incorporated for limited municipal purposes under the Local Improvement Districts Act of 1945. Only about 50 of these districts are actually functioning. In addition, there are about ten local commissions which continue to operate under the authority granted to them early in this century. As mentioned immediately above, all existing local improvement districts and commissions should be examined by the new Municipal Affairs Commission and either granted authority to incorporate as villages, if the residents so desire, or placed under the office of Commission responsible for administering local service districts. In either event, all boundaries should be redrawn by the Commission to include only property which receives or is entitled to receive local services.

21. We consider that the proposed arrangements would be the most efficient and equitable which can be devised for the special situations of the 200 or more communities which have a population in excess of 300, but which are not suited
to incorporation as a new-style village because they are too small or because the residents do not wish to do so or for any other reason. The residents of these communities would be much better served than they now are. A complete range of administrative organization and services would be available to them. The expense of using a specialized central service organization to arrange for local public works requirements would be much less than any alternative arrangement. The residents would be assured that the facilities would be installed and administered at the low costs realizable with a large volume of work. There would be complete safeguards against misdemeanours and accounting irregularities. Funds borrowed for the purpose of local public works would be available at the low interest cost procurable by the Municipal Debt Corporation described in Chapter 14. Finally, a share of the cost, equitably calculated in relation to the unconditional equalizing grants paid by the province to the incorporated municipalities, would be absorbed by the provincial government. This share would amount to at least 40 per cent; the calculation is described in Chapter 14.

22. Finally, we have no fears that the Municipal Affairs Commission would be unresponsive to the wishes of the residents of the local service districts. The personnel of the Commission who are responsible for the local service districts would know that theirs was a purely service agency and that, if they proved unattentive to the needs of the rural residents, suitable protests would no doubt be made by the members who represent these residents in the legislature.

VI. Community Planning

23. It is recommended that the entire province be brought under community planning. Cities and towns should be permitted to continue their own planning agencies with the approval of and in accordance with the regulations of the provincial planning branch. The provincial branch should administer a plan covering all territory which does not fall under the jurisdiction of a city or town which has its own adequate planning programme. To permit orderly development by cities and towns, the new municipalities act should provide that adjoining areas may be designated for inclusion in city and town plans. The province, cities and towns should pay the entire cost of their own planning agencies, and the province should recover from the local ratepayers the cost of planning services which it provides to cities and towns which do not have planning agencies of their own.

24. With the discontinuation of municipal functions by the counties, it will be necessary for the Municipal Affairs Commission to assume responsibility for the approval, licensing, planning and control of all construction outside the jurisdiction of cities and towns. In our society, the individual is, and should remain, free to live where he chooses. But this does not mean that he should be privileged to impose upon others the extra costs incurred in providing him with the publicly-provided amenities of urban living. If a person chooses to live at some distance from any organized municipality he should not expect to have roads, water and similar services provided at the cost of provincial taxpayers. However, the public interest requires that a certain minimum standard of sanitation be practiced by all residents and the general public have a responsibility for ensuring that a minimum level of education be available to all children and that their health be protected. Inevitably, when dwellings are scattered hither and yon, the children must be transported to schools and sooner or later, some municipal services are extended to serve the scattered dwellings.

25. It is essential therefore that the Municipal Affairs Commission exercise stringent supervision over all construction in unorganized territory. Similarly, the cities and towns must impose order upon sub-divisions contiguous to them and within the areas made subject to their planning regulations. These areas should be specified under provisions of the new municipalities act. Disorganized patchwork developments result in unnecessary costs, not all of which fall upon the residents of the sub-division.

26. Accordingly, all building permits and all authorizations for sub-divisions in territory outside the planning competence of the cities and towns should be issued by the Municipal Affairs Commission. No permit for a sub-division should be issued until arrangements are made whereby the new district will be provided with the public works of the appropriate standard, the cost to be covered by taxes to be paid by the residents of the new district. The community should begin life as a local service district under the administration of the Commission.

VII. Department of Public Works Expenditures for Local Improvements

27. Through the years, the Department of Public Works has provided and maintained roads, curbs, sidewalks and certain other local services in unincorporated areas and for some local improvement districts which fail to incorporate to provide the particular services for themselves. Many of these services were installed in subdivisions just outside the boundaries of the cities, towns and village. No charge was made for many of these public works and as little as one-half for others. An estimate made for us sets the cost of these public works to the province at $2,500,000 in 1961. Although the figure is little more than a calculated guess it nevertheless indicates that the amounts of the expenditures in question are
The accounts of the Department of Public Works are not kept in such a way that the actual expenditure can be ascertained.

28. There is no reason why this provincial subsidy to local improvements, awarded by the accident of location, should be continued and many reasons why it should be stopped. It is inequitable in the extreme, impedes the orderly expansion of municipalities, and leads to extravagance in the sense that residents demand facilities and services they would be unwilling to pay for on the same basis as other residents of the province have to do. To make matters worse, it is understood that certain local improvement districts have even avoided having to share the costs of sidewalks provided for them, by failing to incorporate for this service.

29. We recommend that no local improvement facility or service shall be provided at the cost of any agency of the provincial government to any community, whether in completely unorganized territory or established as a new local service district, or village — except for the construction and maintenance of and the snow removal on the provincial highway system outside cities and towns. No local service such as snow removal on roads which do not form part of the provincial highway system should be performed by the Department of Public Works until arrangements have been made with the new villages or with the Municipal Affairs Commission on behalf of the local service districts for the costs to be defrayed through equitable taxation of those receiving the service.

30. The preceding paragraph is not intended to rule out the possibility — in fact the probability — that some departments of the provincial government will actually carry out the local services, such as providing streets and snow plowing, with the costs to be charged back to the community concerned. It is unthinkable that small communities should be forced to take on staff or buy expensive equipment which will lie idle most of the time. Our observations lead us to believe that in many urban municipalities, and particularly some, there is an over-investment in equipment and permanent staff and that having work done by outside contractors could effect substantial savings.

**VIII. Urban Highway Connecting Links**

31. The division of financial responsibility between provincial and municipal governments for those portions of a highway system which lie within cities and towns is a problem which has always bedevilled intergovernmental relations.

32. At one time, in New Brunswick and elsewhere, the provincial government endeavoured to place much of the responsibility and cost of highways upon the counties and parishes or townships. Starting in the 1920s, the provincial governments assumed sole responsibility and, for a time, the urban resident was wont to complain about his taxes being used to build county secondary roads for the benefit of farmers. Perhaps partly due to the decline in farm populations and the massive building and rebuilding of trunk highway systems, less has been heard of this complaint in the last decade, although there are still instances of wasteful rural road building. Now the federal government, in the United States as in Canada, has taken on some financial responsibility for highways. In the United States, there is considerable complaint and some objective examination of alleged overspending on highways and transportation facilities in general. It is apparent that the Canadian provinces, including New Brunswick, have also devoted an excessive proportion of their funds to highways, partly owing to the federal grants available for highways but not for other services. Unfortunately, many people seem to have adopted the facile assumption that wherever a road is built industry will follow. We can think of a number of examples which contradict this assumption.

33. At one time, the cities and towns were eager to have trunk highways pass down their main streets to bring trade to the local merchants. Now most cities and towns are glad to be relieved of the traffic congestion which that system created. By-passes are the order of the day. It would appear, then, that most of the acute problems relating to the shared responsibility of highway and road construction have been solved by the passage of time and changed circumstances. We believe this generalization to be broadly correct. Unfortunately, the financial relations between the provinces and municipalities have failed to stay attuned to these changing circumstances.

34. The day may not be far removed when highways will by-pass all the towns and cities of New Brunswick and there will be restricted access wherever highways pass through any substantial communities. In that event, there would be a clear dividing line between the provincial highway system and the urban roads. Cities and towns could reasonably be called upon to show the initiative and provide the finances required to cope with the problems of providing for the rapid and safe movement of traffic within their boundaries, always provided that these municipalities had access to sources of revenue commensurate with their responsibilities.

35. As matters stand in all of the provinces, the responsibility for relieving urban traffic congestion is uneasily shared by both levels of government. Provincial participation is reluctant and the cities proclaim that the problem is beyond their resources. In the absence of some form of co-operation between contiguous towns and cities, traffic problems are beyond their capabilities. The result has been that ad hoc grants and arrangements have been proliferated and no guiding plan...
or principle has been devised anywhere. The situation is perhaps no more confused in New Brunswick than in the other provinces but this provides little cause for satisfaction.

36. In New Brunswick, the provincial government reimburses cities, towns, and the village, for 50 per cent of "the cost exclusive of land acquisition of bringing up to provincial standard," the "portions of main trunk highways" lying within their boundaries. The passages enclosed by our quotation marks require, by their nature, some measure of administrative discretion in their interpretation. In other words the Highways Act establishes the permissive statutory authority for these provincial expenditures but it is the policy of Department of Public Works which determines the actual extent of the expenditures. For the province's fiscal year ending March 31, 1961, these provincial contributions amounted to the modest sum of $68,766. In addition, the province has accepted the responsibility for the building and maintenance of major bridges located on main trunk highways within the cities and towns.

37. If the equalizing unconditional grants recommended in Chapter 14 are paid to the cities and towns so that each possesses revenues adequate for its functions, there would be only two possible reasons for continuing these provincial shared-cost contributions. One reason might be that the contributions were intended to serve as stimulation grants. This reason may be put aside since it seems clear from the amounts now being paid that these contributions are not performing that function. The other reason could be that the provincial government wishes to assume some portion of whatever higher than average costs of arterial roads and bridges certain municipalities may suffer. If this is the intent, it is very poorly served by the formula adopted. We therefore recommend that these contributions be discontinued.

The province's direct contribution to the relief of urban traffic problems should be confined to the building of by-passes as part of provincial highways — where these are warranted. (In our judgment this aspect of provincial highway development has been accorded an undue priority along with all other portions of provincial highways. If any consideration is given to the occurrence of unusually heavy costs of any local service or public works in particular cities or towns, that consideration should be incorporated into the calculation of the unconditional equalizing grants rather than in the construction of unnecessary public works. We do not, however, propose that an endeavour should be made at this time to take account of these variations in costs.)

IX. Title to Streets in Municipalities

38. We have observed that some municipalities have been asking for legislation that would vest in them the rights to streets in the municipality. It has also been observed that the usual practice in new subdivisions is for the subdividers to deed the streets to the municipality. The Commission is of the opinion that, in general, the streets in a municipality should be public thoroughfares, an easement to which all members of the public are entitled, whether they are residents of the municipality or not. Municipalities should not have the right to restrict their use. To this end, we propose that streets in new subdivisions, instead of being deeded to the municipalities as such, should be deeded to the Queen in the right of the public and that, in the case of streets which now exist, legislation be passed to ensure that they will remain public thoroughfares for the enjoyment and use of the public.

X. The Special Position of Oromocto

39. The special circumstances of the Town of Oromocto are sufficiently described in the Report of the Auditor General to the House of Commons for the Fiscal Year Ended March 31, 1962:

. . . In 1955 the approval of the Governor in Council was obtained by the Department of National Defence to develop the proposed Town, which was in due course incorporated in 1956 by an Act of the Province of New Brunswick. The main purpose of the development was to provide municipal facilities to serve personnel stationed at Camp Gagetown, while, at the same time, avoiding the growth of a purely military community. It is administered by a Board of seven Commissioners, four appointed by the Federal Government and three by the Province.

In order that the Town would not start under a heavy burden of debt the Department turned over to it, without charge, the roads and services already installed in the Service housing area, together with certain parcels of Crown-owned land. This assistance was augmented by capital grants totalling $1,500,000 and an arrangement was made whereby capital assistance loans, to be secured by the Town's debentures, could be made. As the Town did not have the usual type of municipal tax structure, it was arranged that until it had developed to a point where it could operate normally the Federal Government would pay annual operating grants, representing the difference.
between the Town’s operating expenses and its revenues. In this connection it was proposed that the initial operating grant should be $100,000 for 1955-56 with annual increments of approximately $25,000 during the next five years, the actual amount of each increase to be approved by the Treasury Board. While it was anticipated that the assistance by the Department during these first few years would suffice until the Town could operate normally with the aid of grants under the Municipal Grants Act, this has not turned out to be the case and federal grants towards operating expenses of the Town have continued at a very high level . . .

The Town’s operating costs for the calendar year 1961 amounted to $1,062,000 while its revenues totalled only $81,000, including tax revenues of $27,000 and provincial government grants and subsidies of $9,000. The Department of National Defence owns 1,900 housing units in the Town representing about 90% of the value of all Town property . . .

. . . there seems little likelihood of the Town being able to operate normally in the foreseeable future . . .

40. In answer to a questionnaire sent by this Commission to all municipalities, the Town of Oromocto stated:

On the basis of the assessed value of the residential property owned by DND in the Town ($14,407,139.00) the taxes received by the Town, if it had been private property, would have been $288,142.78. The grant paid by DND in 1961 was $1,479,400.00. Obviously, unless the Defence Department is to continue to subsidize the operation of the Town, there must be a very large increase in assessable property, preferably of an industrial nature.

41. It is our view that the Town of Oromocto is never likely to be a self-supporting municipality with self-government similar to the other cities and towns of New Brunswick, even with the assistance of federal ex gratia grants in lieu of taxes under the Municipal Grants Act. Despite the commendable original intentions it remains an enclave of the federal government within our province. To endeavour to absorb the town into the normal structure of municipal government and to endeavour to extend to the town the operations of the recommended Public Schools Commission, Social Welfare Commission and Hospitals Commission, would be an extremely costly enterprise — far too costly for the province’s slender financial resources. The standards of municipal services in Oromocto are well above average; the per capita expenditure on local services in 1961 was $69 compared to an average of $52 for all cities and towns with populations between 5,000 and 13,000. Total expenditure by school districts in Sunbury County (in which Oromocto is situated) was $33‘1 per pupil in 1960 compared to the next highest of $279 in Saint John County. These levels of expenditure doubtless reflect the desire of the Department of National Defence to provide a standard of services comparable to those of cities and towns across Canada. We do not grudge Oromocto its comparatively favourable position among New Brunswick municipalities; we only wish that the income of the province were sufficiently high to provide a similar level for all cities, towns and school districts. We do however consider that it would be inappropriate for the province to make contributions to take account of the town’s inadequate tax base or to help maintain its higher than average expenditures. The town is a creation of the federal government and should remain its financial responsibility. As part of the national defence programme, the costs of operating the town are quite properly a charge against the general revenue of the nation as a whole. Above all, no step should be taken which might encourage the federal government to discontinue the special grants made by the Department of National Defence and to replace them with the very much lower grants to which the town would be entitled under the Municipal Grants Act.

42. We recommend that the Town of Oromocto be treated as an exclusively federal government financial responsibility. We recommend in Chapter 14 that all existing contributions made by the provincial government to the municipalities and the school boards be discontinued, those paid to Oromocto among them. We recommend that no equalizing, unconditional grant be paid to Oromocto, and that the town’s schools should not be made the responsibility of the new Public Schools Commission.

43. Withholding financial aid does not mean, of course, that there should be no amicable co-operation between the provincial government and its agencies and the town. Present arrangements for the use by the town’s residents of the province’s hospitals should be examined in the light of the changes we have recommended, and co-operation should continue in such other fields of mutual concern as administration of justice, welfare and community planning.

XI. Elimination of Private Municipal Acts

The enactment of a single, comprehensive municipalities act of universal application in the
province is not only required in New Brunswick in order to restore order out of the present jumble of overlapping legislation and to facilitate the efficiency performance of municipalities, it would also free the Legislative Assembly and the cabinet from needless involvement in the routine matters of municipal affairs. It would free the provincial government of preoccupation with the detail of municipal government so that they might concentrate upon matters of policy. Provided that the uniform statute was adhered to by the provincial government, it would serve as a protection against the pressures of sectional interests.

XII. Civil Defence

45. We find it difficult to avoid the conclusion that the sponsor and chief financial contributor to the existing civil defence programme — the federal government — has not yet established a clear-cut policy concerning the emergency measures to be taken for the protection of the civil population in the event of war. In any case, we cannot think that the mere involvement of a maximum number of people in an ill-defined task is likely to accomplish anything of value. As we have mentioned before, what is everyone's responsibility is no one's responsibility. We are of the view that a well-organized small cadre in each region of the country is vastly superior to a large number of ill-informed and confused volunteers with one week's training. Surely New Brunswick with its population of 600,000 is not too large to comprise a single region.

46. In the hope that some order may be imposed upon the present confusion and that the provincial government will take a firm stand with the federal government and insist that either the programme be dropped or a feasible policy adopted, we recommend that the municipalities be relieved of all direct responsibilities for civil defence. Given the lack of a coherent policy, it is only to be expected that the present contribution by the municipalities of 12½ per cent of costs will produce little else but waste. If the participation of organization of the municipalities such as the fire and policy forces are required, this can be accomplished without municipal financial participation.

XIII. The Statutory Basis for Responsible Municipal Government

47. The basic tenet of this report is that all provincial and municipal services should be organized on a functional basis. This requires that many of the traditional activities of municipalities be transferred to other agencies. A second tenet of this Commission is that, although there may well be some validity in the traditional contention that the municipalities are the training grounds of democracy, the brute fact is that few municipalities in North America operate efficiently, and with probity and economy. In the present era in which government activities absorb such a large part of the nation's resources, no province with as low a per capita income as New Brunswick can afford inefficiency or extravagance by any government. Accordingly, the activities of every government body should be at least as tightly controlled as those of the modern private corporation. To this end, a number of controls over municipal operations are recommended.

48. We consider that these controls will be especially necessary immediately following the transfer of the costs of education, welfare, public health and hospitals, justice and detentions, and civil defence to the provincial government, and the consequent reduction of locally-imposed taxes. It is feared by this Commission that some municipalities will increase expenditures on public works unduly if the public's opposition to increased real property taxes is temporarily abated. Such an upsurge in expenditures would defeat a central purpose of the Commission's recommendations: that no public expenditure shall be undertaken unless its benefits exceed the cost. This province's public revenues potential is so limited that, unless all expenditures are measured against this test, some expenditures of great benefit will be precluded because other expenditures of limited or doubtful benefit are undertaken. In the final analysis, public debt and taxes, no matter which government agency incurs them, are borne by the residents of the province. Extravagance on the part of one agency enforces #excessive stringency upon another, and it is the final responsibility of the provincial government to determine the order of priorities among the functions performed by the two levels of government. Sufficient evidence of the relative extravagance by some municipalities is provided by the statistics of per capita expenditures on local services by municipalities of about the same population, as shown in Table 8 of Appendix 0.

49. Municipal extravagance can sometimes take another form. Some municipalities criticized for very high expenditure on local services can at least offer the defence that the costs of their heavy spending fall upon their residents. This defence loses much of its force, however, when a large portion of the cost of local services falls upon one or two industrial properties in the municipality. Safeguards for large taxpayers in one-industry towns are automatically provided by our subsequent recommendations for a fixed, uniform level of taxation for business property
located in cities and towns. An inequitable situation also exists where the boundaries of a local improvement district are widely extended and include a large industrial property remote from the cluster of dwellings which constitute the improvement district, properly defined. The present Green River Local Improvement District is a prime example of this situation. We are informed that the New Brunswick Railway Company bears one-thirtieth of the district’s warrant, although the Green River settlement is 10 miles distant from the railway property. This is one of the reasons for our recommendation, made earlier in this chapter, that the Municipal Affairs Commission possess the power to redraw the boundaries of existing local improvement districts when they are either incorporated as villages or take on the new status of local service districts.

50. Our primary recommendation for the curbing of excessive spending by particular municipalities is that total expenditure shall not exceed their non-tax revenues plus the yield of a levy of $\frac{1}{2}$ per cent on the current market value of assessed real property. (The conversion of assessed values to current market value is explained in Chapter 13.) This may appear to be an excessive restraint upon local services, which are, after all, among the government services most desired by the residents of any province. The implications of the proposed ceiling can only be appreciated, however, when they are studied in conjunction with the new structure of provincial government grants for local governments described in Chapter 14. It is in that chapter that the proposed revenues of the municipalities are compared with their existing expenditures on local services. There is no desire on the part of this Commission to reduce the average level of spending on such services, since this would probably constitute a false economy. On the contrary, it is the Commission’s expectation that expenditures per capita on local services will, and should, continue to increase gradually. Our proposal is that real property taxes should not exceed 2 per cent of the market value of real property, including business tax assessments — $\frac{1}{2}$ per cent for public education and $\frac{1}{2}$ per cent for municipal services. The 2 per cent maximum would on average amount to roughly 17 per cent of the annual net rental value of a residential property (net rent being the rent after deducting property tax). In the Commission’s view, a tax on housing accommodation higher than the proposed 17 per cent of the annual rent would be excessive in relation to the weight of other taxes which provide revenue for the provincial government and, indirectly, for the municipalities. And the tax on residential property is a tax on housing accommodation.

51. It will be noted from Table 14: 5 (Column 15) of Chapter 14 that four cities and five towns would have had to impose rates slightly in excess of $\frac{1}{2}$ per cent for local purposes if all our recommendations had been in effect in 1961. If our recommendations, including the proposed new equalizing grants described in Chapter 14, are implemented in a future year, some towns and cities would doubtlessly still find themselves in this situation — they would require more than $\frac{1}{2}$ per cent to cover their budgeted expenditures. These municipalities should be granted a period of five years in which to put their house in order. For all subsequent years, the new municipalities act should include a provision which sets a maximum rate of $\frac{1}{2}$ per cent for local services and there should be no authority to impose a levy in excess of this amount. This is the only effective way of forcing municipalities to cut their cloth to suit their purse and should be a significant inducement to greater efficiency. If efficiency is not improved, then the ratepayers will have to be content with reduced services or lowered standards.

52. At best, it is very difficult for the residents of a municipality to judge the performance of their council and its paid officers. To provide a context for the comparative evaluation of performance, it is recommended that the Annual Report of Municipal Statistics published by the Municipal Affairs Commission include tables showing the per capita expenditures on each service and the local tax rate authorized by each municipality. These tables should be prepared as soon as the information is received by the Commission and, in any event, not later than nine months after the close of the municipalities’ financial year. The table should also be prepared, published and advertised separately and in advance of the publication of the Annual Report of Municipal Statistics. Its publication should not be delayed for the reason that the necessary information has not been received from some municipalities.

53. In addition to these restraints, other more familiar checks upon municipalities’ expenditures and performance are recommended. We believe that the total amount of debt, both funded and short term, should not exceed 6 per cent of the market value of assessed real property in the municipality. Major capital projects, which we would define as those with an aggregate cost in excess of $5 per capita, should not be undertaken, nor aggregate debt flotation in any year exceed $\frac{1}{5}$ of 1 per cent of the market value of assessed real property, except with the approval of 60 per cent of the eligible ratepayers who vote in a
plebiscite. No long-term borrowing will be undertaken directly by the municipality, but all debentures will be marketed by the proposed Municipal Debt Corporation described in Chapter 14, where the handling of past and future debt is discussed in detail. All borrowing by villages and local service districts should require approval by the Municipal Debt Corporation.

54. In Chapter 14 the proposed limits to capital borrowing are compared to the aggregate debt of each municipality. Our proposed definition of a major capital project as one costing more than $5.00 per capita is, in our view, quite reasonable since the ceiling of 1/5th of 1 per cent on annual borrowing without a plebiscite would, on the average, amount to a bit more than $10 per capita for cities and towns with populations over 5,000 and about $7 per capita in towns with less than 5,000 population. We realize that the history of statutory debt ceilings has not been impressive, but we still consider that it would be a salutary restraint for municipalities which might otherwise be inclined to plunge too optimistically into an unduly large programme of capital projects. The relationship of outstanding debt to the statutory ceiling should be published annually as one indication of the municipality's financial position. Our recommendations will make it less painful for the municipalities to finance their future operations and we should not want to see the vigilance of a cautious electorate relaxed to such a degree that funds were spent unwisely.

55. The restraint upon the total amount of borrowing in any one year is a useful addition to the usual requirement that large capital projects be submitted to a plebiscite since it focuses attention upon the rate at which debt is being accumulated and therefore provides a frame of reference within which particularly large capital projects can be evaluated.

56. Capital projects of a value in excess of amounts to be determined by the Municipal Affairs Commission for each type of municipality — city, town and village — should require prior approval of the Commission. These projects should be examined by an engineering and architecture branch of the Commission, which would provide guidance and direction for the small municipalities, would refer to the Department of Public Works and the Water Authority matters falling within their competence and would issue the required authorization to the project before it could be undertaken. The capital projects should be reported to the Commission as soon as studies of the engineering aspects are begun and before a contract is let for a feasibility study. This early notification is needed to enable the Commission to be of greatest assistance.

57. Some municipalities keep inadequate financial records and make insufficient use of external auditors. The new municipalities act should stipulate a standard form and procedure for accounting and financial statements of all municipalities. To facilitate efficient budget formulation, the expenditure statements should be prepared on a functional as well as an “item of expenditure” basis. By functional we mean that every expenditure in the year should be allocated to one of the various services being rendered, with overhead being allocated on a pro rata basis. There should be special checks to ensure that no expenditure is made which is outside the powers conferred by the municipalities act.

58. We are of the opinion that current rate-payers should only be taxed to meet current expenditures, including debt carrying charges necessary to cover the capital costs of current services; they should not be taxed to accumulate surpluses to be used to provide future services, as this practice creates a windfall for future taxpayers at the cost of current taxpayers, just as deficits allow current taxpayers to push the burden of their expenditures forward onto future taxpayers. The incurring of surpluses and deficits as part of a programme of anti-cyclical budgeting may be sound policy for senior governments and may be accompanied by the provision of funds for municipal purposes from senior government deficits; but such budgeting is not appropriate for the small local unit dependent largely upon property taxation, where stability in financing should be the order of the day. Municipalities should therefore budget for a balance of revenue and expenditure. Any accidental surplus or deficit must be applied to the subsequent year's budget.

59. In keeping with our recommended rationalization of the functions of municipal and provincial governments, the limitations on the authority of municipalities should be fully realized by municipal councils. The boundaries of their area of competence should be periodically drawn to their attention and the general public should be periodically reminded of the respective areas of responsibility of the two levels of government.

60. Municipalities are to be empowered to undertake only a specifically enumerated list of activities. There should be no residual, catch-all power. In particular, they should have no power to make grants, ordonations, offer tax concessions, or otherwise subsidize local industry or commerce, exhibition associations, or charitable, social welfare, educational, cultural, research or religious organizations. These functions are more properly performed by individuals or by the provincial government. The basis of taxation of real property and the classes of property exempt are to be detailed in the new municipalities act which is to apply uniformly throughout the province. The problem of existing tax agreements between municipalities and companies is dealt with in
Chapters 13 and 15 below. The municipalities should not provide materials, services or facilities without charge, or at less than full value, to any parties, including the non-profit organizations mentioned above.

61. As recommended in Chapter 16, the Municipal Affairs Commission should work in close collaboration with the Auditor General in ensuring that there is a proper annual audit of the books of each municipality and an unannounced spot audit at least once every five years. In addition to verifying the financial correctness and proper accounting treatment of all transactions, the annual and spot audits should determine that all activities and expenditures possess statutory authorization. Any transgression outside the bounds of a municipality’s statutory field of competence should be published by the auditors and dealt with by the Municipal Affairs Commission. Where expenditures have improper authorization, the parties responsible should be caused to appear before a board, duly constituted for the purpose by the Commission, to be instructed in their duties. Prosecution in the courts should be undertaken whenever it is justified.

XIV. Municipal Autonomy

62. If it appears at this stage of our summary that the dependence and autonomy of the municipal level of government might be undermined and hobbled by our recommendations, we wish to give assurance that this is an erroneous impression. In fact, the opposite is true. It is our intent, and it would be the effect of our recommendations, that municipal governments would be freed of extraneous worries and obligations so that they could exercise their full initiative in providing the local services of the variety and standard which their residents desire. The legal power and freedom of a government body to carry out the functions assigned to it with all the ability and imagination it can muster, is an elusive freedom if its financial powers are not commensurate with its financial obligations. This is precisely the complaint voiced by our municipalities year in and year out. Our recommendations would place them in a position of greater financial autonomy and accountability than prevails in any province in Canada.

XV. The Use of Utility Commissions

63. As an additional impetus toward the goal that all municipalities be as tightly administered and stringently supervised as the modern private corporation, it is recommended that the municipality’s budgeting and structural organization be functional in the extreme. To this end, it should be mandatory that all services of a quasi-commercial nature be assigned to a utility commission created for the purpose. That is to say, all services for which charges are made on a service-rendered basis, or which are of a type which are frequently rendered on this basis, should be operated by a self-supporting commission which is accountable to the municipal council. We believe that such commissions are necessary if utility-type services are to be operated most efficiently and with continuity of policy and planning. Electric power utilities obviously fall into this category. It is intended that the commission form of organization also be employed for municipally-operated public parking lots, and for the provision of water and sanitary sewage systems. A commission might, of course, administer more than one service. All these commissions shall be self-supporting by defraying all costs from user-charges.

64. It is only reasonable to assume that each year such commissions may incur an unintended deficit or operating surplus. As utility commissions are intended to be self-supporting, a deficit which has been incurred in one year should be covered in the year following or deducted from allowable reserve funds. We should add here our view that utility commissions should not be permitted to accumulate unnecessary reserve funds. When, in any year, profits are made which when added to accumulated earned surplus would cause it to exceed, say, 5 per cent of the capital cost of depreciable assets, whether or not depreciation is taken, such profit should be paid over to the municipality or municipalities sharing the service in proportion to their participation, in all respects, and used to reduce their next tax levy.

65. Our recommendation for the greater use of utility commissions has the added attraction that it would increase the fiscal capacity of the municipality. Water and sewage are by no means negligible items in the total cost of municipal services. If they were wholly self-supporting, the weight of the real property tax could be commensurately lightened.

66. It is not feasible, of course, to strive for a precise correspondence between the identifiable cost and the charge to the individual consumer. Most municipalities in Canada bill for water consumption on a metered basis or a rough calculation of water consumption based on the number of faucets and other outlets. Where this system is used, keeping a separate account of the water department facilitates more orderly budgeting, and there is considerable appeal in the policy of placing the service on a pay-as-you-use basis. By pay-as-you-use we mean that the rates would be adjusted to cover increased debt charges when new capital projects are undertaken. There is no implication that capital funds should be generated by user-charges in advance of capital expenditures. Most of the cost of providing water consists of fixed costs and much of the historic cost of plant and equipment will have been defrayed at any
given time. All that is involved in a pro rata location of expenditures of the current period, both capital and operating. Any extensions should be based upon practical economies and business considerations. It would be reasonable to expect that justified extensions, properly capitalized and set up, might tend to reduce charges.

67. For sanitary sewerage facilities, there is the additional appeal of a specific charge system, namely, that groups of residents can be prevented from gaining at the cost of others. A new subdivision may be so situated that the installation of a trunk sewer is very expensive. But the installation of the sewer enhances property values. In this instance, charges based on identifiable cost seem eminently equitable.

68. It must be admitted, however, that in most Canadian municipalities the arrangements are a hodge-podge due to switching from one basis to another over the years. One district may have had its sanitary sewers, the paving of local access streets and sidewalks and street lighting provided on the basis of a local improvements levy of a sum per foot of lot frontage; in another district, these public works may have been provided out of general revenue; and, in yet another all of the facilities may have had to be installed by the subdivider before responsibility for the division was accepted by the municipality. It is possible to carry the practice of specific charges for identifiable costs to the impractical extreme and any stopping point is arbitrary to some degree.

69. At the opposite extreme to the specific charge system is the “community approach”. Excepting only such services as municipally-operated public parking lots and the distribution of electric power by a municipally-owned utility, all municipal services are lumped together under the head of necessaries of modern urban life. The costs cannot be allocated, on this view, except arbitrarily and the services are not specific to the individual family. The citizen wants all of the streets lighted, for example, not just his own. Accordingly, the view is that the necessaries of urban life are communally provided and the costs should be allocated on the basis of ability to pay, with the value of the real estate occupied being taken as the measure of ability to pay for this particular group of governmental functions.

70. The juxtaposition of these two extreme and contrary views lays bare the tenuous grounds for the oft-repeated maxim that taxes on property should be levied only for services rendered to property. Property as such consumes no services; only individuals do. And the equity of a complex federal-provincial-municipal tax structure can be judged only in its entirety. Pronouncements of equity about a particular part of the structure are beside the point. The public is taxed in many ways which have nothing to do with the uses to which the funds are put. There would be nothing intrinsically objectionable about a real property tax being levied to provide funds for national defence - provided the over-all tax structure was reasonably equitable according to the accepted norms of the particular time and place.

71. This discussion has wandered far from the starting point of an endeavour to suggest ways of raising the efficiency of performance of municipalities. It may have served to indicate that there is no ideal method of municipal finance. The pro's of operation by a commission have to do with accountability, continuity of policy and planning, and efficiency of performance. It emerges from this discussion that the primary requirement is that there be clear and stable rules governing the provision of, and the charges made for services which are to be made self-supporting on the basis of user-charges. We believe that this is best accomplished by assigning them to a commission rather than allowing them to become mixed up with the other functions of municipal departments.

72. We must at this point anticipate a question which may arise after a reading of our proposals for unconditional grants contained in Chapter 14. We wish to make it quite clear now that such grants should not be paid with respect to services which should be supported on the basis of user-charges. In particular, we have in mind such services as electric power, water and sewage, refuse collection and public parking. We therefore recommend that the Municipal Affairs Commission review the accounting records of the various municipalities to ensure that the costs of such services are not included either directly or indirectly by means of deficits in the calculation of standard expenditure for grant purposes. We should warn that if this is “not done, the present lack of uniformity in municipal practices could cause grants to be instituted for the support of user-charges services in some municipalities but not in others. Such discrimination could destroy the validity of the entire Grant programme. Moreover, we can see no benefit at all in subsidizing services which should be supported solely from fees paid by the people who use them. Our system of unconditional grants is intended to support only those services which are properly a charge against general tax revenues.

73. We think also that the Municipal Affairs Commission should keep in mind the possibility that future conditions may warrant the transferring of additional services from general expenditure accounts to a user-charge basis. For this purpose, and also to permit more precise calculation of appropriate unconditional grants, we recommend that municipalities keep separate cost accounting records for each of the services and functions which are performed within the general municipal budget.
XVI. Municipal Administration

74. Good municipal government must provide adequately for the two essential functions of policy making and administration. While the prime responsibility for the two is assigned to the council, a representative, deliberative body, and to the able full-time senior civic administrators, the two functions are most effectively discharged to the extent that the policy makers are sufficiently familiar with the administrative function that they can competently scrutinize the administration of the municipality and advise the administrators, and the administrators can assist the council in formulating policy and, on their own initiative, make policy proposals to the council. The system works best when sparked by the active political leadership of an alert mayor, elected at large, who is fully cognizant of both the policy making and administrative aspects of the government of his municipality.

75. The system is also likely to work best if the municipality has a highly qualified, capable and strong chief administrative officer or manager, responsible for seeing that the administrative machinery runs smoothly and efficiently. In a small town the manager may be the only senior administrative officer, in which case he will conduct all the day-to-day administration himself. In the larger towns and cities, where there are department heads, while the manager may conduct some day to day administration in some areas, he should also supervise and co-ordinate the administration of the several departments. In any case he should develop a clear over-all perspective of the municipality’s circumstances, both to maximise the efficiency of its administration and so that he will be competent to act as a policy adviser to the council in the context of its over-all needs. At the same time, the council and its committees should have direct access to the specialized knowledge of department heads and other administrators, through discussions with them along with the manager. This general plan of organization would seem to be appropriate for all of the towns and cities of the present size of those in New Brunswick.

76. The proposal made here is not for the city manager plan as it has developed in the United States, where it was introduced to remedy the weaknesses arising from the application of the American principle of division of power at the local government level, and where it concentrated power in the hands of an appointed manager and eclipsed the power of the mayor and council. The proposal here is to retain all of the democratic prerogatives of the present structure of local government but to assure that it will function as effectively as possible.

77. As has been emphasized elsewhere in this report, the success of any programme in the province depends more upon the quality of administration than on any other factor. This applies in civic administration no less than in provincial administration. In one sense, a municipality will get the kind of administration it pays for; some cities and towns are now paying exhorbitant costs for a woeful administration. Wasteful and inefficient administration is an intolerable and inexcusable price to pay for trying to buy the services of administrators cheaply. Even so, experience has shown that there is always a shortage of qualified persons, persons who not only have administrative talent, but who also have an understanding of the peculiarities of civic administration and a sympathy with its democratic processes. The Municipal Affairs Commission should undertake a systematic training programme for municipal managers and other administrators designed to develop such men. As the Department of Municipal Affairs is fully aware, its present annual three-day refresher course for municipal finance officers is only a stop-gap and is limited to accounting and financial matters; it in no way serves the purpose envisaged here. Of greatest value would be the combination of this kind of training programme with the provision of generous assistance for one or two years to proven and promising men to enable them to study at those universities and schools which offer the best programmes in civic administration. If good men are to be attracted into civic administration they must be given ample scope to exercise their talents, free of petty sniping and other more invidious types of interference.

78. If the towns and cities are to be administered efficiently, the manager and other senior administrators must be chosen purely on the basis of ability and must be free to choose their staffs on this same basis. The corrupt practice of hiring incompetents through nepotism or petty local patronage cannot be countenanced. No province or municipality can afford this wasteful and degrading practice, least of all a low-income area like New Brunswick. The best protection against it is an alert citizenry; but as a further protection, the Municipal Affairs Commission should provide systematic surveillance of municipal administration and where necessary obtain and make available the assistance of the best consultants available in the field of civic administration.

79. The Commission should itself employ a highly qualified specialist in municipal administration with the two-fold duties of advising the cities, towns and villages on organization and administration and of periodically inspecting their administration and issuing public reports of their investigations that are freely available to the inhabitants of the municipalities and to the press. As a further aid to the municipalities, such an official should prepare model plans for administration in municipalities of different size and population.

80. As a step towards making employment by municipalities more attractive, the Commission
suggests that a uniform pension plan, similar to the present plan for provincial employees, be inaugurated for all municipal units and administered by the Municipal Affairs Commission to be supported by the contributions of the municipalities and their employees. As is always the case with changes in pension plans, some interim provisions will have to be made for the older municipal employees who are within a few years of retirement when the new plan comes into effect.

XVII. Municipal Elections and Government

81. Passing reference has been made several times to plebiscites and elections. This section of our report discusses the nature of municipal government and how its performance in New Brunswick can be improved. We are of the view that the prevailing property and other restrictions upon eligibility to vote and to hold office should be retained in principle and made uniform throughout the province. It is our opinion that an individual should be a municipal taxpayer by owning real estate in the community before he is permitted to have a voice in such matters as the level of expenditures, their nature, the selection of individuals to manage the municipal government, and annexations and amalgamations. Especially is this true when our recommendations make real estate the sole support of the municipal share of the cost of running the municipality. The only available test of whether a person has established a share in a community is ownership of real property. It has been suggested that length of residence would be a suitable alternative but we are not aware of this test being used anywhere.

82. Similarly, we consider that aspirants to municipal office should be motivated by the willingness to render a public service rather than personal benefit. It is true that municipalities throughout the continent suffer from a dearth of dedicated career municipal politicians — and we deplore the use of the term politician in a derogatory sense. There is no difference between politicians and statesmen except that the former are national while the latter are international public servants. It is our opinion, however, that a person should achieve some measure of success and experience in other callings before attempting the exacting tasks of municipal government. This screening process is tolerably well performed by a property-ownership rule. We are aware that when groups of public-minded citizens urge someone whom they feel possesses the appropriate qualifications to stand for office, title to real property may be loaned to him if he is otherwise unable to meet that requirement. Rather than negating the screening process, we feel that this practice serves it. The individual approached to be a candidate for office must possess the confidence of the sponsoring group and the transfer of title to property is evidence of that trust.

83. The recommendations which follow are based upon the reasoning of these few paragraphs. It is our opinion that, for the most part, the recommendations speak for themselves and are self-evident. They are drawn from our long observation of municipal councils and of the political process at work at the municipal level.

84. First, we recommend that there should be a uniform set of rules for eligibility to vote and other rules respecting municipal elections and plebiscites. Individuals eligible to vote in all municipal elections and plebiscites should be persons of at least 21 years of age who:

(a) reside in the municipal area or district concerned;

(b) are liable for taxes on real property located within the area and have no property taxes more than one year in arrears.

In addition, each corporation which is subject to property taxes within the municipal area and which has no such taxes more than one year in arrears may designate an individual of at least 21 years of age to cast one vote on behalf of the corporation.

85. In general, the passage of a proposal submitted to a plebiscite concerns the expenditure of additional funds and should require approval by at least 60 per cent of those ratepayers who cast their vote. As will be seen from our recommendations in Chapter 8, we have also required that a proposal to supplement the province's standard programme of instruction in any way should also require approval by at least 60 per cent of the ratepayers in the school district concerned who cast their vote in a plebiscite held to deal with the matter.

86. The passage of any plebiscite concerning the annexation of portions of areas which are not municipally organized or concerning the amalgamation of cities, towns, villages or local service districts should require approval of at least 60 per cent of those who vote in each jurisdiction. If the proposal is for amalgamation of two cities, approval by at least 60 per cent of those casting votes in each city should be required. If the proposal is for annexation of two local service districts by a city or town, 60 per cent approval by those who vote in each local service district and in the town or city should be required as a minimum, and similarly for all other situations concerning the consolidation of municipalities. In the case of incorporations, we also recommend that approval by at least 60 per cent of the potential ratepayers' vote be required.

87. We believe that balloting in all provin-
municipal and school district elections and plebiscites should be conducted according to federal practice. That is, the voter receives a ballot from the returning officer, marks it secretly in the polling booth, and returns it folded to the returning officer who is required to deposit it unopened in the sealed ballot box while the voter is present. In city and town elections, it would probably be necessary to print a separate ballot for use in each ward. The confusion arising in recent elections in New Brunswick would seem to constitute abundant evidence in support of this recommendation.

XVIII. Qualifications for Candidates for Municipal Office

88. To be a candidate for mayor of a city or town, we recommend that a person should:
   (a) be at least 21 years of age;
   (b) own real property within the town or city having an assessed market value of not less than $10,000 (the assessment may include the value of business property owned by the candidate; accordingly, if the candidate is both owner and tenant of a business property, the appropriate assessed value would be double the market value);
   (c) have no property taxes more than one year in arrears and,
   (d) reside in the city or town.

89. The qualifications for councillors of a city or town should be the same as for mayors, except that the candidate need only possess assessed real property with a market value of not less than $5,000.

90. The qualifications of candidates for the board of control of a village should be the same as those for councillors of cities and towns, except that there should be no minimum value required for the property owned within the village.

91. Each city and town should be governed by a mayor and a council, the whole to be elected for a two-year term every two years; that is, there should be no overlapping of terms, so that there can be a complete change of government if the electorate so desires. To increase the publicity and attention given to municipal elections with a view to raising the percentages of eligible voters who turn out at the polls, it is recommended that all municipal elections throughout the province be held on the same day. Possibly the second Monday of September would be a suitable date. In Chapter 13, we explore the details of the procedure which we recommend for a new, centralized collection of all real property taxes by an office of the Municipal Affairs Commission. This will require that municipal budgets be struck and filed with the Commission no later than October 31, so that tax bills may be mailed by December 31. It would be necessary to hold municipal elections far enough in advance of the municipality's budget meeting, so that new members of council would have sufficient time to familiarize themselves with the municipality's operations and to study the various items which should be included in the budget for the next calendar year.

92. Should a vacancy to a municipal council or board of control occur through death, resignation, or by-election, a by-election should be held, unless a general municipal election falls within six months of the vacancy occurring. The power of remaining councillors to fill vacancies by appointment is undesirable since it tends to reduce the effectiveness of resignation as a means of blocking improper action by councils.

93. We favour the use of the ward system in city and town elections, so that:
   (a) the mayor is nominated and elected at large,
   (b) one councillor is elected from each ward, and
   (c) one or two councillors are elected at large as required to yield an even number of councillors. The duties of the mayor should be that of the councillor at large or, if there are two, the one receiving the larger number of votes.

Persons should vote in the ward in which they reside. Cities and towns which do not now have wards should be entitled to establish not more than six wards for municipal election purposes.

94. In the new villages there should be a board of control consisting of a chairman and at least two additional members elected at large. We consider it desirable that provision exists for the number of members other than the chairman to be increased to four or six at the option of the village by plebiscite subject to the approval of the Municipal Affairs Commission.

95. There should be a recall procedure provided for in the new municipalities act and applying to all cities, towns and villages. Under such a recall provision, five municipal ratepayers, supported by a stipulated number or percentage of municipal ratepayers may apply to a court which shall order that the council be vacated as of the date of the order, that all seats, including that of the mayor be declared vacant and that an election be held to fill such vacancies upon a date fixed by the court. The recall procedure should apply for any one or more councillors or the mayor alone as well as for the entire council.

96. Moreover, if any city, town or village cannot secure a full council or board of control, the Municipal Affairs Commission should have authority to administer the municipality's affairs until such time as the municipality does fill all the positions on council. Some towns are on occasion unable to persuade any qualified person to stand for the office of mayor; we do not believe that this situation should cause the affairs of the municipality to be temporarily assumed by the
Commission, nor, as we have already indicated in paragraph 92, do we think that the provision should apply when the vacancy is due to the death or resignation of an incumbent member of council. In the absence of a provision such as we recommend, however, it is conceivable that a town could be administered by a single councillor.

97. Also, in keeping with our preference for civic governments comprised of elected officials who set policy and appointed career civil servants who possess the required specialized professional knowledge to carry it out, holders of paid appointed municipal office should not become candidates for elected office, nor should they be granted leaves of absence for the purpose of standing for elections. Similarly, the holder of any elected office should not be appointed to paid municipal office during the duration of the term for which he was elected, even though he resigns his elected office. We make this recommendation because we consider that the “promotion” of elected officers to paid appointed office is sometimes made as a reward for faithful service as an elected officer or as part of a set of arrangements which serve the interests of the officials better than the interests of the municipality.

98. Our next recommendation is that no elected representative should be allowed to contract with the municipality in which he holds office without full disclosure and publication of all transactions in a statement to be released by the council or board of control each month. Upon summary conviction for the failure to disclose a transaction, the representative should be dismissed and be subject to a fine or imprisonment. When a charge of such violation is laid, the person charged should be suspended from office until the charge is dealt with. Similar provisions should exist for those holding paid appointed office and the rules should extend not only to the elected and appointed officials themselves but also to all persons not dealing at arm’s length with them. We should have liked to recommend that officials should not have any business dealings whatever with the municipality in which they hold office; this would be the simplest arrangement. However, a blanket rule against any transactions would be likely to have unintended effects. For example, a councillor’s firm may have been selling supplies to a department of the municipality — with the contract; awarded to bids submitted in sealed tenders — for some years before he holds office.

99. We have recommended earlier in this chapter that the powers of the cities, towns and villages and the activities administered by the Municipal Affairs Commission on behalf of the new local service districts should be clearly delineated in the new municipalities act and that the Commission should ensure that no act is undertaken or transaction entered by a municipality which is not explicitly authorized in the new act.

Except by exempting their non-commercial property as is to be provided for in the new municipalities act, municipal bodies should not make grants to or in any way support any charitable or educational or any other non-profit institution or association or society, no matter how worthy or how much the activities of the institution are thought to benefit the community. Support of institutions of this nature should come from the residents as individuals — charity is a personal matter — and from the general policy decisions made by the provincial government.

100. For a municipality to give say $1,000 to the “x” charitable, religious or eleemosynary organization means that their ratepayers are being taxed to make such a contribution, even though some ratepayers may have no sympathy for the organization. It also means that their ratepayers are denied the right to deduct portions of the contribution from their income for income tax purposes. The amounts which are now contributed by all municipalities to such causes comprise a very substantial sum. The powers of municipal council should not continue to include the right to decide to which charities their ratepayers will contribute.

101. We consider that all meetings of the councils of the cities, towns and villages are matters of public concern and should be matters of public record. It is now a common practice for a council to meet privately as a committee of the whole, excluding the public and the press. We strongly recommend that the practice be proscribed, with meetings in committee as a whole always being open to the public, as regular meetings of the councils as such now are required to be. We realize that some municipal matters must be discussed in private: the preliminary consideration of a development project, for example. Otherwise private parties stand to gain from taking action before plans are adopted. All such matters, however, can be adequately explored by the appropriate committees, other than the committee as a whole, meetings of which are sometimes used to reach decisions by councils which are withheld from the public.

102. We consider it undesirable that the chairman or members of village boards of control receive any pay or honoraria. Their duties would not be sufficiently onerous to impose a hardship and we should not want anyone to seek office on account of any remuneration which might be paid. In general, we are also disposed to suggest that there should be no remuneration attached to the offices of councillors of the cities and towns or the mayors of towns. We should like these functions performed as civic duty and, in general, those who are best equipped by experience to fill the office must sacrifice time which is much more valuable to them than the modest financial emoluments usually paid. We also consider that a salary on
a modest scale may be paid for the office of mayor in any city if it is approved by plebiscite. This would be in keeping with a tradition of amateur elected civic officers. In contrast, for appointed officials, the municipality would be wise to bid whatever is required to obtain the services of persons with ability, training and experience commensurate with the duties to be performed.

103. Our final recommendation should not have to be made, but we are informed that what should be standard practice is not universally followed in New Brunswick. We therefore recommend that all municipal officers and employees who deal with financial matters should be adequately bonded.

XIX. Constitution of the Municipal Affairs Commission

104. In ‘Chapters 7 and 16 and in summary form in Chapter I, we have discussed at length the arguments in favour of greater centralization of policy decisions, with continued decentralized administration through regional offices and of the need, in the existing circumstances of this province, for the delegation of administrative functions to appointed commissions to replace the present departments headed by members of the cabinet. We ask the reader to refer to Chapters 7 and 16 for the detailed arguments in support of making use of administrative commission and to consider these arguments as though they were repeated in full at this point in our report.

105. In our view the need, at this particular time, for a Municipal Affairs Commission to take over all of the administrative functions of the Department of Municipal Affairs and the many additional ones which we recommend, is as great as the need for commissions to administer education, welfare and the hospitals. A great many changes must be made simultaneously if our recommendations are adopted and the Department is hampered by departmental procedures. The implementation of the policy decisions of the legislature and cabinet must be screened from interference by political pressures. The success of democratic government depends upon the success achieved in effecting compromises between the conflicting interests of different groups. We are concerned that the achievement of compromises be shifted from the implementation of policy to the framing of policies and programmes by the legislature, where it properly belongs. Also, the Commission will require the services of many more able, energetic officials than can be obtained quickly, if at all, under the civil service rules applying to the employment and remuneration of civil servants. The strength of the civil service commission technique lies in the prevention of abuse, not in facilitating change. Finally, since a great deal must be accomplished quickly, a clean break with the past must be made, and authority vested in new men. This is not possible if the administration of municipal affairs remains with the Department.

106. The key to the success of an administrative commission lies in the appointment of the right commissioners. Narrow political interests must be excluded — and by this we mean the narrow or selfish political interests of all groups in the community. Such groups are capable of acting in the broad public interests and do act in this way, as well as representing the legitimate particular objects of the group. Unfortunately, much more is said and written about the undesirable aspects of organized groups in our society than about their socially beneficial political activities, notably their advocacy of reforms beneficial to the public. We feel that the key to the appointment of disinterested members of an administrative commission lies in adopting a procedure which declares to all that the actions are to be undertaken in the general public interest, all sectional interests being excluded. And this is the kind of procedure which we recommend here.

107. Broad political interests cannot and should not, of course, be excluded. It is taken for granted, for example, that all commissions which may be appointed pursuant to our recommendations, and especially the Municipal Affairs Commission, will be broadly representative of the regions of the province, of English and French speaking citizens and of various denominations. This is taken for granted not so much because such broad groupings of citizens have vital interests in need of protection but rather because the wise and equitable implementation of policy requires that those in whom the final responsibility for major decisions resides must be completely conversant with the problems, aspirations and attitudes current in the province.

108. We recommend that to advise, assist and guide the cabinet and to provide a shield against narrow sectional interests, a nominating committee to consider and put forward candidates for membership on the Municipal Affairs Commission be drawn from six organized, responsible bodies in the province. Each of these organizations should be asked to appoint a member of the nominating committee, who may be the president of the institution or his nominee and who need not be a member of the institution. The person appointed is to be instructed to act, not as a representative of the nominating body, but as a representative of the general public interest of the province. The fact that the nominating committee are to meet as a group and, as a group, decide upon the five people whom they shall commend to the cabinet will ensure that no member of the nominating committee would act as a representative of the institution appointing
him. The bodies to appoint members to the nominating committee may, for example, be found among the Union of New Brunswick Municipalities, the New Brunswick Federation of Agriculture, the New Brunswick Federation of Labour, the New Brunswick Bar Society, the New Brunswick section of the Canadian Manufacturers Association, the New Brunswick Medical Society and the New Brunswick Institute of Chartered Accountants. It would make no difference except perhaps for better selection if all such organizations similar to those suggested provided the nominating body.

109. As mentioned, the sole function of the nominating committee, which would meet under the chairmanship of the Minister of Municipal Affairs, would be to draw up a slate of five nominees for appointment by the cabinet as members of the new Municipal Affairs Commission. The five members of this Commission should be persons held in high regard for their abilities and interest. The task of finding the appropriate five will be formidable. No one should be nominated simply because of his affiliation with any of the bodies appointing members of the nominating committee but a suitable person should not, of course, be excluded because he happens to be a member of one of these organizations. It is likely that a majority of the b&m commissioners could be found among those who have served in elected or appointed municipal offices and who have established their reputation for ability, energy and integrity, but it is undesirable that all five commissioners should be persons who have been active in municipal matters.

110. We are convinced that this method of selecting the commissioners would mobilize broad popular support for the Municipal Affairs Commission and inspire public confidence in it. To effect the changes which we recommended for municipal governments in New Brunswick the Commission will need strong public support. There is no better way of securing it than to enlist the participation of and give a share of responsibility to institutions which represent organized opinion in the province.

III. We recommend that:  
(1) The Municipal Affairs Commission should consist of six members as follows:  
(a) the Minister of Municipal Affairs,  
  ex officio;  
(b) five other members to be appointed by the Lieutenant-Governor in Council on the recommendation of the Minister of Municipal Affairs, the appointees to be put forward by a nominating committee which is to be composed “of members appointed by such organized, representative groups as

the Union of New Brunswick Municipalities, the New Brunswick Federation of Agriculture, the New Brunswick Chambers of Commerce or Boards of Trade, the New Brunswick Federation of Labour, the New Brunswick Bar Society, the New Brunswick section of the Canadian Manufacturers Association, the New Brunswick Medical Society, and the New Brunswick Institute of Chartered Accountants.  
(2) The Lieutenant-Governor in Council should designate one member of the Commission to serve as the chairman and another to serve as deputy chairman.  
(3) An elected or appointed official of a municipality may not at the same time serve on the Commission.  
(4) Once the Commission is in operation, members (other than the Minister) should be appointed for three-year terms and should be eligible for re-appointment. To permit continuity of policy through staggering the terms of the members, the first appointments should be as follows: one for one year, two for two years, and two for three years.  
(5) Annually, and if a vacancy occurs through the death or resignation of a member, each of the bodies mentioned in paragraph 1(b) above should appoint a member to a nominating committee to assist the Minister in making the required appointments.  
(6) The Commission should appoint a permanent secretary to carry out the duties assigned to him by the Commission.  
(7) The Commission should also appoint a chief executive officer and officials to head the offices of property assessments, tax collections, supervision of the new villages, administration of the local service districts, administration of provincial community planning services, and such other branches or offices as may be established by the Commission for the discharge of the functions and duties assigned to the Commission by the new municipalities act.  
(8) The Commission should meet within the Province at the call of the Chairman, or at the request of two or more members, provided that there shall be at least one meeting each month. The Commission should establish its own rules of procedure. Members (other than the Minister) and staff should receive such remuneration as may from time to time be determined necessary by the Lieutenant-Governor in Council to attract the services of fully qualified members.  
(9) The Commission should assume the powers of the present Department of Munici-
XX. The Joint Provision of Services by Adjoining Municipalities

112. Urban expansion is inevitable in a dynamic society, and it must be provided for according to some pattern or plan, whether the expansion takes the form of annexation or unincorporated fringe areas, complete amalgamation of incorporated municipal units, or limited amalgamation for particular services. Failure to integrate the development of contiguous urban areas inevitably results in fragmented, often chaotic and always costly consequences. These include: the duplication of services; roads that do not meet; deterioration and blight at the core; shanty-towns and rural slums on the fringes and along ribbon approaches; and an indiscriminate intermingling of industrial, commercial and residential areas.

113. If there is a more thorny matter in the entire field of municipal affairs than the amalgamation of independent cities or towns, we have yet to hear of it. A way must be found to avoid these bitter conflicts of local interests and, at the same time, to ensure that all essential services will be provided efficiently and at the lowest attainable cost. The equalizing, unconditional grants which we propose in Chapter 14 would make the cost of essential municipal services fall with almost equal weight upon the residents of each of the cities and towns. Besides ensuring an equitable distribution of tax burdens, these equalizing grants would remove most of the conflicts of interests which are revealed whenever it is proposed that a service such as fire protection or water be provided jointly by two municipalities. Conflicts occur because the residents of one of the two communities in question fear that their taxes will rise because they would have to take some portion of the cost of providing the common service to the other community. Our recommendations would remove the cause of these conflicts in three ways. First, the unconditional grants would make it possible for each city and town to provide a standard level of local services appropriate to a community of its size at about the same weight of property taxes. By community we mean the entire concentration of population in a metropolitan area and not the separately incorporated municipalities. Second, the tax structure in all municipalities would be identical. There would be one and only one tax levied, the real property tax, and the tax base in all cases would be established at full market value uniformly calculated. All business properties located in cities and towns would be taxed at the same rate regardless of the municipality of residence. No business would be hurt, therefore, by any cost-sharing arrangements made between such municipalities. Third, many past municipal tax problems were associated with the rising and unevenly distributed costs of the general services, particularly education and social welfare. Our recommendations that responsibility for these general services be transferred to the province will therefore eliminate what has been a substantial cause of inter-municipal difficulties and bickering in the past.

114. Having thus built the foundation, we recommend that the new municipalities act make it mandatory that the five services of water, fire protection, police protection, sanitary sewage disposal (excluding the local and branch sewerage) and community planning, be communally provided in all multi-municipality communities. The first four services promise the greatest economies from the elimination of the duplication of overhead costs. Community planning is included because its objectives pertain to the entire community. Planning by one part against the other part is sheer folly. Under the head of planning we include the delineation of the traffic arteries of metropolitan areas.

115. We recommend, and strongly recommend, that there be a mandatory provision in the recommended new municipalities act for these five functions to be performed jointly by adjoining towns and cities. There is no doubt, and we have never known the contrary to be seriously argued, that the joint provision of the expenditure services just mentioned is the most economical. Mandatory joint provision is recommended to save municipalities from their own folly — a type of folly founded in human nature itself.

116. For the five key services to be jointly provided, some form of common council must be established by the participating municipalities. We refer to these as metropolitan councils and recommend that they consist of members of the councils of the constituent municipalities. The metropolitan councils would have the power to strike a rate to cover the costs of the jointly provided services; the rate would apply
to all taxable property in the constituent municipalities.

117. Not all of the small communities which, according to our recommendations, would have the status of local service districts administered by the Municipal Affairs Commission are situated in rural areas and at some distance from any other community. Quite a number of them lie on the outskirts of the cities, towns and the new villages. Whenever a village or a local service district comes into being, the mandatory rules which we have just recommended for the consolidation of the five key municipal services should come into force. If the local service district is contiguous to a municipality, whenever its rate-payers “by a plebiscite indicate their desire for water, fire, police or sewage services, the Municipal Affairs Commission should make arrangements with the municipality for the creation of a metropolitan council.” This council would then oversee the provision of the service to the two communities jointly. We do not suggest that the local service district must enter joint arrangements for these four services whether it wants them or not. What we do recommend is that, if and when the local service district wants any one of them, it should be provided at once under a metropolitan council arrangement, by an extension of the facilities of the contiguous municipality. It is recommended that these procedures be enforced for all existing built-up areas outside the boundaries of cities and towns.

118. If consolidation of the five key services takes place as soon as a settlement on the outskirts of a town or city becomes large enough and sufficiently concentrated for the provision of any local governmental services to be feasible, it will be possible to avoid many of the problems and conflicts which arise from nothing more than the postponement of decisions until problems reach a critical stage.

119. Community planning lies in a different category. We recommended above that the cities and towns be accorded jurisdiction over areas contiguous to them so that some order and pattern may be imposed upon sub-divisions and other development. Consequently, the core city or town would have community planning powe& over a community before it became a local service district. Once a local service district came into being, however, planning should be transferred to the metropolitan council and this arrangement should continue if the local service district grew large enough to become a village and perhaps, eventually, a town. For all parts of the province outside the jurisdiction of the cities and towns, all community planning functions should be performed by the Municipal Affairs Commission.

120. The importance of control over development within areas adjacent to established municipalities can scarcely be overstressed. Without controls, development follows a helter skelter pattern, which is bound to make provision of municipal improvements extremely costly. Indiscriminate building in the outlying areas of towns and cities is a common occurrence throughout the province and, for that matter, in all provinces. The only way to prevent it is for the provincial government to take responsibility for controlling sub-divisions in areas outside municipal jurisdiction, as part of its community planning programme. The programme should include the implementation and enforcement of a building code at standards similar to those required by the Central Mortgage and Housing Corporation.

XXI. Amalgamations and Annexations

121. The joint provision of the five key municipal services by metropolitan councils is as far as we are prepared to go in recommending mandatory municipal consolidations. We do not think that municipalities must always surrender their historic identities nor lose their feeling of community by being swallowed by a larger whole. On the contrary, it is surely desirable that matters of neighbourhood interest, such as parks, local access roads and whether the street lighting wires should be put underground, should be decided by the council to which the residents of the particular neighbourhood have the most ready access. We see a virtue in neighbourhoods vying with one another in the harmonious lay-out of new residential areas, the efficiency of their optional local services and the pleasant appearance of their community. We are convinced that, once there is harmonious co-operation in the five matters of common concern which we have mentioned, contiguous towns and cities will encounter less difficulty in finding a basis for co-operation in such other matters as the joint provision of recreational and cultural amenities which serve the entire community.

122. Circumstances may arise, however, in which full amalgamations or annexation are in the common interest. Typically, the need for amalgamation arises from the partisan view which the members of a metropolitan council sometimes take concerning matters affecting the entire community. When this occurs there may be no solution but to replace a federal with a unitary form of municipal government.

123. The full integration of municipalities by annexation or amalgamation should be brought about in a forthright way, with a careful marshalling of all of the relevant facts relating to the desirability and feasibility of integration and to the financial and administrative changes entailed, for presentation to the public in a form which they can understand. Unless this is done the inevitable
The decision should be taken administrative. In We have Counties. In the case of another county At the same time our Commis-led us to the conclusion that, If the present plan of municipal responsi-tion, and to make the final decision themselves in a plebiscite to be conducted by the Municipal Affairs Commission, the Municipal Affairs Com-mission should play an important role by making, prior to the plebiscite, a full study of the need for amalgamation or annexation and of the financial and administrative consequences. The Commis-sion’s findings should be published and adver-tized in a form as easily understood as possible and distributed to all citizens in the communities concerned, well before the plebiscite, to allow ample public discussion in the light of this reliable and complete information. (We believe that this same procedure should also be followed when areas are being incorporated for the first time or are simply changing their status.)

A problem that frequently arises in integrating contiguous areas is that a locality with a particularly favourable tax base, such as one with a high ratio of industrial and commercial property to residential property, is reluctant to give up its entrenched position. This fortuitous situation often engenders resistance to integration even when it is clearly in the general interest. We have tried in Chapter 14 to recommend a system of unconditional grants which would prevent this situation from arising.

(a) Counties

127. During our public hearings it was urged that we recommend the amalgamation of certain counties. If these amalgamations took place at least two counties in the province would lose their identity and be absorbed by others. In the present circumstances, there would be sub-stantial savings in administration costs if this were done. If the present plan of municipal responsi-bilities and structure were to be continued, some-thing which this Commission does not recommend, then we would have dealt exhaustively with the question of amalgamation of counties and recom-mend that at least two and possibly three such mergers take place. In the case of another county an association of ratepayers presented a formal brief to the Commission requesting that a substan-tial area of their county be amalgamated with an adjoining county. Our further inquiry into this representation led us to the conclusion that, although no reference to it was made in the brief, the prime objective for such an amalgamation was to escape from a county with a high tax burden to one with much lower taxes. Such an annexation could not be considered, for in the particular case it would only allow these ratepayers to escape from a situation for which they are partially responsible for creating and leave the remainder of their county with a heavier burden than before.

128. Because the implementation of our recommendations would so redistribute administrative responsibilities that no administrative function would remain for present county govern-ments, the present problems of county amalgama-tion would also disappear. At the same time our recommendations would achieve all of the benefits, and more, than could be achieved by amalgama-tion under the present circumstances. We feel it unnecessary therefore to discuss amalgamation of counties any further.

(b) Cities

129. When the federal-provincial tax sharing agreements commenced in the early 1940’s, a portion of the federal payment to the province was set aside for redistribution to the municipalities on a per capita basis in order to provide compensation for the inability of munici-palities to continue to levy direct income taxes.
The municipalities were consulted concerning the formula to be used for distribution of the fund. There were then only three cities: Saint John, Moncton and Fredericton. These cities argued that they should have a much higher per capita payment than the towns and counties as their loss in revenue by elimination of the municipal income tax was much greater. This argument was accepted by the municipalities and different per capita amounts were fixed for payments to cities, towns, counties and villages. Annual per capita payments in varying amounts for the different categories of municipalities have since been made with the total amount distributed depending on provincial government receipts under the tax-sharing arrangements with the federal government. In 1961 the redistribution by the province resulted in per capita payments as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Per Capita Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cities</td>
<td>$20.72 per capita</td>
</tr>
<tr>
<td>Towns</td>
<td>12.70 per capita</td>
</tr>
<tr>
<td>Villages</td>
<td>8.42 per capita</td>
</tr>
<tr>
<td>Counties</td>
<td>4.99 per capita</td>
</tr>
</tbody>
</table>

130. One result of this grant structure has been an endeavour by communities to reach out for city or town status. Since the introduction of these varying per capita payments, we have witnessed, for example, the transition of the Parish of Lancaster into the City of Lancaster, the changing of the towns of Campbellton and Edmundston into cities, and the advancement of other communities from village to town status. At the present time, the Town of Bathurst is moving toward city status through annexation of a large portion of the Parish of Bathurst. There has also been an attempt to create an additional city in the Greater Saint John area. From our investigations we are forced to conclude that the substantially higher payments available to cities has been a prime factor in the creation of three new cities and the steps taken to create at least two additional ones in New Brunswick since this system of payments became effective. There is no difference between the jurisdictional powers of cities and towns in New Brunswick.

131. New Brunswick far surpasses comparable sister provinces in the Atlantic area as far as the number of cities is concerned. Nova Scotia with a much larger provincial population has only three cities, the smallest of which has a population in excess of 40,000. Its towns vie for the honour of being the largest town in the nation. Prince Edward Island has only its capital city of Charlottetown, and Newfoundland only its capital city of Saint John's.

132. We are not intimating that any criticism should be leveled against our newer cities for taking advantage of the present situation. On the contrary at least Lancaster, Edmundston and Campbellton are to be commended on their initiative. All three grew into the population of 10,000 required for city status without the help of major annexations. Such commendation does not, however, apply to the principle of the grant structure. We must point out that every city created since the introduction of the payments has affected the amounts paid to all other municipalities. The portion of the annual sum received from the tax rental agreements allotted to the municipalities has been a fixed amount which is annually divided in accordance with the formula described in detail in Chapter 6, and it therefore follows that all other municipalities suffer the loss of any increased payments to new cities and towns. Were this practice allowed to continue, it would be accompanied by a continuation of the trend toward higher municipal status and a consequent loss of revenue for the municipalities which did not advance their status. Our recommendations in Chapter 14 would put an end to payments dependent upon a municipality's legal status and nothing more.

133. Earlier in this chapter we referred to the typical problems of multi-municipal areas. All these problems confront the Cities of Saint John and Lancaster and the Parish of Simonds. If we had to accept continuation of the present haphazard municipal structure in the province and its complete lack of standardization, we could only commend in principle the recommendations of the Goldenberg Report. However, in the light of our findings, we do not support the complete implementation of that Report for the principal reason that it would be a departure from our recommendation that there be a standardized municipal administrative structure with one, and only one, municipalities act. Further if the present chaotic structure of municipal finance is to remain, and our major recommendations are not implemented, our support for the principles of the Goldenberg recommendations does not imply that there should be mandatory implementation of that Report's recommendations on municipal status irrespective of the wishes of the three municipal units concerned and indeed of all municipalities, for the implications of the present municipal grant structure is such that they all have a financial interest in the outcome. However, for the sharing and responsibility for communally-required services, as previously mentioned, we, too, would support mandatory provisions.

134. As we see it amalgamations or annexations are only indicated when in contiguous communities there is (1) an overlapping of common services or (2) a desire or need for the implemen-
tation or sharing of a common service or services, or perhaps a combination of both factors. In fact, both of these factors are present in the Saint John-Lancaster-Simonds area. Either one or both of these factors are also apparent in other provincial areas and as present trends continue we can visualize the coming into being of more and more similar situations.

135. We have not concluded, however, that complete amalgamation or annexation is the only answer or remedy. Without doubt complete amalgamation is one solution to the administrative problem, but yet it may not solve many other very real problems. The very many difficulties, altogether apart from fiscal considerations, have been the reason for our general recommendations in this chapter for procedures to follow during consideration of possible amalgamations or annexations. We feel it wise to summarize them again as a possible solution to the very real and important particular problems in the Metropolitan Saint John area:

136. First: Where there are contiguous communities, incorporated or otherwise, and amalgamation and/or annexation is sought by one or more of these communities, it shall be the duty and obligation of the Municipal Affairs Commission to make a thorough and independent study of the matter in all its aspects and make known its findings and comments in a published report. As matters now stand, various interested persons or bodies advance their various objectives in such manner and with such facts or allegations as best serve their particular purposes to the point of absolutely bewildering any private citizen who is concerned with getting to the truth of the matter. The investigation, advice and comment of a qualified independent body dealing with all of the factors involved, including the financial implications, can do much to present a clear picture to the ratepayers concerned. Following the publication of the investigations, and after the lapse of reasonable time for study and investigations, it would be the further responsibility of the Municipal Affairs Commission to conduct plebiscites, as standardized by our recommendations, in each of the communities concerned, and the result of these plebiscites should dictate the course of future action.

137. Second: Where there are contiguous communities each providing for its own residents a service which is required by all, or where one or more such communities has decided by plebiscite to implement a service which is common to other contiguous areas, all municipalities concerned shall form a metropolitan type of government to administer those services which should be commonly administered for all the units concerned, namely: fire, police, water, sewage disposal, and community planning. The municipalities act should provide for the form of metropolitan government and for a formula for equitable cost sharing, namely, a uniform levy on all taxable property. The act should stipulate the classes of services for which the metropolitan council would be responsible and such other provisions as may be necessary. For example, each municipal unit in the metropolitan structure would be responsible for its own sewage collection system but the common trunks and the disposal plant itself should be the responsibility of the metropolitan council. Our proposal leaves to each municipality the decision as to what services it will have, but once having made the decision to have one of the designated common services, this service becomes mandatorily subject to administration under the metropolitan government. Those services which are not by their nature capable of being commonly administered, with a view to administrative and capital savings to ratepayers, remain the responsibility of each of the units in the metropolitan area. Thus each unit retains its own distinctive name, autonomy and history as well as jurisdiction over its purely local affairs. It is also logical to conclude that the efficient workings of such a metropolitan type of government would certainly clear the way for ultimate amalgamations if these became desirable, especially as our recommendations remove from municipal administration the obstacles of education, welfare, justice and hospitalization.

138. The sum and substance of our recommendations is forced amalgamations — no — but mandatory equitable sharing of the responsibilities of commonly required services in the interests of economy and standards — yes!

139. It is a particular recommendation of this Commission that no specific grant or subsidy be paid to any city, town or village by the province so as to assist or make possible any amalgamation or annexation. A precedent for such assistance was established by the special grant allowed to the City of Moncton when it annexed the area of Parkton. However strong the arguments made in favour of any such request, it is beyond dispute that a grant of this kind constitutes a special contribution by provincial taxpayers to the residents of a particular municipality. Any further implementation of such a policy can only give rise to a valid argument for more such grants, irrespective of the need of the individual municipalities.

140. Because of what we have already said about the trend to city status at the cost of all other municipalities, we also recommend that there be no further increase in per capita allowances paid to areas which change their municipal...
status while the present municipal grants structure is in effect.

c) Towns

141. Our discussion and recommendations with respect to cities are equally applicable to towns. We do feel, however, that some particular consideration must be given to the recent developments in the Bathurst area.

142. Chapter 85 of the Acts of New Brunswick, 1960, conveys authority to erect the Town of Bathurst into the City of Bathurst. It is a private act, and was sponsored by the Town of Bathurst. This project has been supported by the Greater Bathurst Amalgamation Committee which was constituted some several years ago. The committee is intended to be representative of the present town and the other areas to be incorporated as the City of Bathurst. It consists of nine persons, as follows: the chairman, two members from the areas outside the town which are to be incorporated; two representatives from the own council; two citizens of the town; a representative of the town planning commission, and an information officer. In addition there is an official advisory group comprised of five members. Four are employees of the towns as follows: the executive assistant, the chief assessor, the town solicitor and the superintendent of services. The fifth member is the superintendent of school district number 2 (the town district).

143. The present proposal to create the City of Bathurst would enlarge the geographic area of Bathurst twenty-five or more times. The extended area would be vastly larger than the area of any existing city in the province. The result of the extension would give the new city an estimated population of 13,301, as compared to the town's population of 5,494 in 1961.

144. The Amalgamation Committee has been entirely responsible for conducting the campaign in favour of amalgamation. The members are to be commended for their initiative and spirit, for the conduct of radio and press publicity, and for the many and varied other measures taken to promote the objective of city status.

145. We wish to point out, however, that neither the town nor the committee availed itself of the opportunity of making representations to this Commission at public hearings held in Bathurst and at other locations in the province. It must be assumed that they were familiar with our terms of reference, which were published in the local and provincial press on numerous occasions. Whether or not a representation to the Commission would have afforded the town or committee any information or assistance in the promotion of the project is a matter of conjecture. Conversely, however, it would have given the Commission an opportunity to gather and assess pertinent facts and perhaps come to some definite conclusion as to the soundness of the proposal and the financial implications. In the absence of adequate information, we are not in a position either to recommend the proposed amalgamation or to reject it.

146. However, we do know that in 1961 the present Town of Bathurst had, on a per capita basis, the second highest tax collections and the third highest total expenditure of all cities, towns and counties in the province. We have reason to believe that since 1961 the town has, if anything, moved nearer to being the highest cost municipality.

147. This fact is of considerable concern to the Commission. The indicated result of our recommendations in Chapter 14 is that the tax burden on real property in the town of Bathurst will increase, while in most other municipalities it will be lightened. This is due to two factors: (1) the relatively high cost of services in Bathurst as compared with the average for towns of comparable size and (2) the heavy tax burden now borne by personal property in the town of Bathurst. The different kinds of services provided by the town do not seem to offer any explanation for the comparatively high costs. Bathurst, along with several other high cost municipalities, are of serious concern to the Commission, both under the present and the recommended municipal structures. For example the 1961 tax levy of the City of Campbellton with a population of 9,873 was $681,246, while Bathurst with a population of 5,494 had a warrant of $677,477. The warrant of Chatham with a low assessment base and a population of 7,109 was $290,809. The types of services in each of the three units seem to be identical.

148. To further the cause of city status for the Bathurst area, the Amalgamation Committee sought a special provincial grant-in-aid of $150,000 annually, over and above the regular per capita grant for cities. This would have represented special annual assistance of $11.30 per capita for the estimated population of 13,301. The total general subsidy from the province to the intended city of Bathurst would therefore be about $32 per capita on a 1961 basis, as compared with the $20.72 which was actually paid to most cities in that year. Such a grant has not yet been approved.

149. Plebiscites regarding city status were held in the town and in the areas to be annexed on November 5, 1962. The results of the plebiscite are shown in Table 12: 1.

150. Prior to the plebiscite the Amalgamation Committee gave a great deal of publicity to the project by radio and press and by a hand bill which was distributed throughout the area. As it is obviously intended to represent all of the information furnished to voters, the text of the hand bill is set out in Appendix I to this Chapter.

151. On such an important question to all concerned we consider, to say the least, that the
Table 12: 1

RESULT OF AMALGAMATION PLEBISCITE,
GREATER BATHURST AREA, November 5th, 1962

INTEGRATED AREA

<table>
<thead>
<tr>
<th>Wards 1 and 2</th>
<th>729</th>
<th>477</th>
<th>65.4%</th>
<th>375</th>
<th>99</th>
<th>3</th>
<th>79.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ward 3</td>
<td>418</td>
<td>237</td>
<td>56.6%</td>
<td>194</td>
<td>40</td>
<td>3</td>
<td>82.9%</td>
</tr>
<tr>
<td>Totals</td>
<td>1147</td>
<td>714</td>
<td>62.2%</td>
<td>569</td>
<td>139</td>
<td>6</td>
<td>80.3%</td>
</tr>
</tbody>
</table>

UNINTEGRATED AREA

| East Bathurst | 955 | 580 | 60.7% | 531 | 33 | 16 | 94.1% |
| West Bathurst | 593 | 328 | 54.3% | 301 | 25 | 3 | 92.3% |
| South Bathurst| 453 | 290 | 63.3% | 235 | 4  | 1 | 93.6% |
| Totals       | 2011| 1198| 59.5% | 1117| 62 | 20| 94.7% |

Handbill was defective on the following grounds:

(1) It gives the impression that a special grant-in-aid is likely to be paid. If our recommendations are implemented, no special grant-in-aid whatever will be payable.

(2) The Van Ginkel Report and the Plunket Report were not directed to the problems of city status, H. W. Lea reported on water and sewerage extensions, and the Report of the Canadian National Railways was merely an industrial survey of the Bathurst area and did not recommend city status.

(3) As to the result of the plebiscites and Bathurst immediately becoming a city, the impression is given that the provincial government will assure that all is well before any action is taken and that the County of Gloucester will suffer no financial loss. From information available to us, it would appear that the county is the municipality which stands to gain in that its expenditures on account of the area to be annexed substantially exceeded its revenues from this area.

(4) As to financing there was no mention made of the following factors:

(a) the annexed areas would provide larger contributions toward educational costs than they are now doing;

(b) the annexed areas would be taxed directly by the city for such services as they now receive at provincial cost such as police, through highways, street maintenance, snow removal; as well as for particular services such as water and sewerage;

(c) there would be two budgets and four property tax rates within the new city (Bathurst has two rates, one for real property and another for personal property) and manufacturers, traders, dealers and wholesalers in the areas to be annexed would become subject to the turn-over taxes now in effect in the town;

(d) that with respect to representation in effect until a new city charter has been obtained, there would be only two aldermen at large to represent approximately 10,000 people, while six aldermen would represent the remaining 3,000 or so. Further, when a new city charter is obtained and equitable representation given on the basis of representation by population, the annexed areas accounting for a population of 7,807 in a total city population of 13,301, will by number control the city with all the probable consequences in view of the relative valuations. We know of no legislative provision for separate budgets, capital expenditures, and extension of services as referred to in the handbill.

152. When all is said and done, the simple sum and substance of the information supplied to the voters seems to be — we are going to get more money from the province if we become a city. The normal reaction of any person who has not been informed or given thought to the project would be to support it. To be against it would be like being against mother love. The statements regarding receipt of additional per capita
grants would be largely true if the present grant policy, condemned by us, is to continue.

153. On a 1961 basis of per capita grants of $20.72 for cities, the new city would receive $275,596.72 from the province, as compared to a town grant of $69,786.50, for an increase of $205,810.22. However, this would be far from a clean gain to the residents concerned, because there would be some existing costs which the new city would have to absorb. First of all, we understand that the city would have to make up a very substantial deficit which the County of Gloucester incurred in 1961 with respect to the areas to be annexed. Second, assuming that our recommen-
ded change in the responsibility for education costs did not take place, the City would probably have to increase expenditures for the education of children in the areas to be annexed. (In 1961, the Town of Bathurst spent $52.90 per capita for education, compared to $25.60 per capita by the Municipality of Gloucester. See Table 7C in Appendix 0.) Also, School District No. 2 in the town has for a number of years collected tuition fees based on per pupil costs for a large number of pupils from the districts it is proposed to annex. For 1963, revenue from tuition is estimated to be $110,000, of which the province contributes about $40,000 on the basis of $100 per pupil. This latter subsidy would be lost if the school districts concerned were made one. Third, we do not think that sufficient consideration has been given to the following per capita costs of the town of Bathurst in 1961:

General Government .................. $10.46  
Fire ...................................... 4.20  
Police and Law Enforcement ............ 7.04  
Street Lighting .......................... 1.32  
Debt Charges (excluding schools) ........ 18.77

It would seem from these figures that the general tax burden within the new city for perhaps both those in the present town and those in the areas to be annexed would be in for a sharp if not drastic increase, unless the provincial taxpayers contribute through a substantial provincial grant-in-aid. Add to this such additional items as the cost of constructing and maintaining services such as water and sewerage, streets and sidewalks, and the proposed tax load is even higher. The increased cost of snow removal is also a major factor.

154. One of the factors contributing to the relatively high costs of the town of Bathurst is its funded municipal debt and the cost of carrying it. In 1963 the portion of the tax warrant attributed to municipal services, excluding education, was $422,921.47. Of this sum, $140,413.26 or nearly one third of each tax dollar was for debt servicing.

155. This resume of the financial aspects of the proposal for amalgamation contrasts sharply with the implication in the hand bill which stresses a per capita grant to the new city of $20.72, in comparison with a grant of $12.70 for towns and $4.99 for counties. The statements in the hand bill would therefore indicate a net gain of $205,810.22. But this conclusion would not be correct even if the town did not have to absorb additional costs. Two other factors must be considered in computing such gross payments: (a) the subsidy formula and (b) the distribution of the Atlantic Provinces Adjustment Grant. When the two factors are utilized to make a proper calculation based upon 1961, municipal subsidies would have increased the revenue of the present town or intended city by only $197,000 and not $206,000, a difference of $9,000. Under the subsidy formula, the creation of the proposed City of Bathurst would have decreased the amounts payable to the six other Cities by $100,000 in round figures, the amounts to other towns by $21,000 and the amounts to counties by $34,000, plus the complete loss in grants for the County of Gloucester due to the transfer of 7,807 of its residents to the new city. Thus the gain of $197,000 by the proposed City of Bathurst would have been paid for entirely by the other municipalities. On a per capita basis the losses to the other municipalities other than the one village would have been approximately as follows:

<table>
<thead>
<tr>
<th>Cities</th>
<th>$0.20 per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Towns</td>
<td>70c per capita</td>
</tr>
<tr>
<td>Counties</td>
<td>40c per capita</td>
</tr>
</tbody>
</table>

It would seem that the contribution by the City of Saint John alone would have exceeded $40,000. If the annual fixed amount allocated to all municipalities were increased by the province, the loss would be proportionately greater.

156. As we have said earlier in this chapter, the nature of the present subsidy structure is such that we cannot support higher per capita grants for municipalities which change their legal status. Our calculations with respect to the present proposals to create the City of Bathurst show in a concrete way why this is true. Nor can we support the extension of special grants-in-aid to individual municipalities which desire to annex adjacent areas. We consider in fact that the grant structure which we recommend in Chapter 14 is the only proper means for assisting local governments to carry out their responsibilities.

157. Under Order-in-Council 63-503 of July 17, 1963, sections 1-5, 8, and sub-section (1) of section 13 of the Act to Erect the Town of Bathurst into the City of Bathurst were proclaimed to take effect January 1, 1964. Although this Commission does not purport to interpret the law,
we wonder whether a further proclamation may not be necessary for the City to come into existence. The wording in section 10, 11 and 12 refers to proclamation of the Act itself, but the Act as such has never been proclaimed; only those particular sections referred to above have. We further wonder whether any authority is vested in the Lieutenant-Governor in Council to exercise powers conferred by section 14 before there has been proclamation of the Act itself.

158. The situation in August, 1963, was that the town of Bathurst and an extensive area of the County of Gloucester would become a city on January 1, 1964, with or without certain necessary powers, without any assurance of government grants-in-aid, without adequate consideration of the financial aspects of the change, without a city charter and representative government, and in fact without knowing just where the city was heading or what was in store for its residents and taxpayers. We could not conceive of any urgency to act which would justify such unplanned action. Moreover, the effect of our general recommendations, if implemented, would be that the town or the city-to-be would no longer have financial responsibility for the cost of education, welfare, health, contributions to the county warrant, grants to hospitals, administration of justice, the responsibility and cost of assessing and collecting of taxes, and so forth. For those owning real estate in the areas now without any municipal services, the recommended rate of the real property tax would be only $1 1/2 per cent on market value, as compared to a much higher tax burden at present. Such areas would also come to have the same standards of education and welfare services as any other part of the province and, in their own discretion, would be free to establish municipal services either by joining the town of Bathurst or by setting up their own administration under a 'metropolitan type of government'.

We felt in these circumstances of uncertainty and possible change that we should issue an interim report urging that further action to erect the City of Bathurst be suspended, pending the disposition of our recommendations. The text of this interim report is reproduced as Appendix B.

159. We also attempted in our interim report to suggest to all municipalities that they should not consider any major expenditures until our final report was completed and dealt with by the government of the province. This decision was in part prompted by an article in the Saint John Telegraph-Journal of August 7, 1963 announcing an expenditure of $132,000 for reassessment of the city. Such an expenditure by the city would be unnecessary if our recommendations in Chapter 13 for centralized assessing are implemented.

160. It should be made amply clear that our views on these matters are solely that sufficient study and planning has not been done — and that it must be done and done in the light of all present and future considerations, such as the recommendations contained in this report. We find ourselves neither in favour nor against the creation of the City of Bathurst. In fact, a conclusion is not possible at this time nor will it be until all the facts are available.

161. Throughout this report we have supported, among others, the principles that, (a) there should be more effective control over municipalities, and (b) that municipalities are the creatures of the provincial government, and therefore its responsibility.

162. In the Bathurst situation we have no reason to depart from these principles, and we specifically recommend that:

(1) Order-in-Council 63-503 dated July 17, 1963 be rescinded as recommended in our interim report of August 12, 1963;
(2) The Act to Erect the Town of Bathurst into the City of Bathurst (Chapter 85, Acts of New Brunswick, 1960) be repealed at the next sitting of the legislature;
(3) The present Department of Municipal Affairs or the recommended Municipal Affairs Commission proceed to ascertain all of the facts in any way pertinent to the situation, prepare comments, render advice, and publish and distribute such information; and after a reasonable period, conduct plebiscites on the future status of the area proposed for the City of Bathurst in accordance with our recommended procedures and qualifications for voting, such plebiscites to provide a clear choice between complete amalgamation and creation of a metropolitan council;
(4) The provincial government should before any such plebiscites, declare the amount of grants or subsidies in aid, if any, that shall be paid by the province to the proposed City of Bathurst;
(5) In the event of the plebiscites favouring the creation of the City of Bathurst, and if our recommendation for a single municipalities act has not been implemented, the Department of Municipal Affairs or the recommended Municipal Affairs Commission should cause a comprehensive city charter to be prepared for the City of Bathurst. This city charter should provide for uniformity within the city; it should not permit the complexity and inequity of two budgets and numerous tax rates within the one municipality; it should confine the city to one common practice as to taxation and services.

163. In conclusion, we wish to say that if
the province allows the creation of the City of Bathurst without adequate investigation and knowledge of what is involved for the residents of the proposed city, the responsibility for resulting difficulties should and must be assumed by the province. It is also likely that, if the City of Bathurst is allowed to proceed as now proposed, the province must anticipate further attempts to alter the municipal structure as other areas attempt to reach city or some higher status.

164. It is pointed out that under the present municipal structure and programme of grants, any change in any municipality such as is proposed for the Bathurst area has implications for every other municipality and for the province as well. Under our recommendations, each municipality would have the financial responsibility and resources to administer adequately the local services peculiar to it. Bathurst and the contiguous areas, subject to the provisions of the one governing municipalities act, would then be free to shape their own destiny without impinging on the rights and due of others and without enjoying or suffering any change in the provincial grants they would receive.

XXII. Summary of Recommendations Made in the Chapter

165. The following is a summary of the major recommendations “which we have made on matters of municipal structure and administration:
(1) All existing legislation pertaining to municipalities should be repealed (including any parts of public or private acts respecting individual municipalities which are inconsistent with our recommendations) and replaced by a single, comprehensive municipalities act based upon our recommendations. This new act would apply uniformly throughout the province and would spell out the functions which could be performed by municipalities; it would contain a section restricting municipalities to those functions which have been explicitly authorized by the act.
(2) The entire area of the province should fall into one or other of the following categories:
   (a) the municipalities: cities, towns and villages;
   (b) rural areas: local service districts to be administered directly by the new Municipal Affairs Commission, and other territory within which no services of a local nature are to be provided;
   (c) the provincial and federal crown lands and forests.
(3) Cities and towns would provide a full range of local services as desired by their residents: streets, roads, sidewalks and street lighting; fire and police protection; water; storm and sanitary sewerage and sewage disposal; parks, community services and recreational facilities; urban redevelopment and community planning. Both cities and towns would be governed by an elected mayor and council. A minimum population of 10,000 would be required for city status while towns would need only to have a population of 1,000 or more.
(4) Villages would be incorporated to provide local services to areas having less than the population required for town status. Although the villages could provide any one or more of the services provided by cities and towns, their range of services would normally not be as great as in a city or town. Villages would be governed by an elected board of control and would operate under the close supervision and control of the Municipal Affairs Commission. They could be formed with the approval of at least 60 per cent of the prospective ratepayers who vote in a plebiscite held by the Municipal Affairs Commission after it had certified that the proposed village could be operated efficiently.
(5) Local service districts would be created and administered directly by the Municipal Affairs Commission to provide one or more local services in rural areas where these have been authorized by 60 per cent of the prospective ratepayers who vote in a plebiscite held by the Commission.
(6) The existing incorporations of all local improvement districts and rural administrative commissions should be rescinded. Any such unit which had its affairs in good order could by plebiscite reincorporate as one of the new villages. All other districts would become local service districts for direct administration by the Municipal Affairs Commission.
(7) We recommend that the new municipalities act make it mandatory that the five services of water, fire protection, police protection, sanitary sewage disposal (excluding the local and branch sewerage) and community planning be provided jointly in all multi-municipality communities. This joint administration would be under the authority of a metropolitan council consisting of members of the councils of the constituent municipalities. The metropolitan councils would have the power to strike a rate to cover the costs of each jointly provided service which would be applied to all taxable property in the constituent units receiving the service. Such a provision for metropolitan councils would not require that each municipal unit in the area must provide all five services, but it should require that when any one or more
of these services are provided, they be under the joint administration of a metropolitan council.’ If local service districts wish to have any of the five services when they should be jointly provided, the Municipal Affairs Commission should make arrangements for these to be provided through a metropolitan council.

(8) Municipalities and metropolitan councils would derive their revenues mainly from taxes on real property, unconditional equalizing grants paid by the province, ex gratia payments by federal and provincial agencies in lieu of real property taxes, and token revenues from utility profits, licences and fees. Local service districts would be financed from taxes (including grants in lieu of taxes) on real property and unconditional equalizing grants paid by the province. No city, town, village, local service district or metropolitan council should have the power to authorize any tax other than a levy on real property within its boundaries.

(9) More effective controls should be exercised over municipal expenditures. These controls should include:

(a) A statutory provision that the municipal real property tax could not exceed $1/2 of 1 per cent of the market value of assessed real property (including business tax assessments), provided that municipalities which now have a higher rate would have a period of five years to reduce their rate to $1/2 of 1 per cent.

(b) A statutory provision that a municipality’s borrowing during any one year could not exceed 1/5th of 1 per cent of the market value of assessed real property (including business tax assessments), unless the additional borrowing is approved by at least 60 per cent of the ratepayers who vote in a plebiscite and provided that the total debt outstanding does not exceed 6 per cent of market value of assessed real property under any circumstances. All borrowing for villages and local service districts should require approval by the Municipal Debt Corporation described in Chater 14.

(c) The Municipal Affairs Commission should publish annually, among other information, tables showing for each municipality the per capita expenditure on each service, the local tax rate, and the ratio of outstanding debt to the market value of assessed real property.

(d) Capital projects with a cost exceeding limits specified by the Munici-

pal Affairs Commission should not be undertaken without the prior approval of the Commission.

(e) Municipalities should be required to budget for a balance between revenues and expenditures; any accidental surplus or deficit should be applied to the subsequent year’s budget.

(f) The new municipalities act should provide for a standard form of accounting and financial statements for use in all municipalities, and for proper annual and spot audits to be conducted through the office of the provincial Auditor General.

(g) Services of a quasi-commercial character, such as the distribution of electric power, water, sewage, garbage collection and public parking, should be operated as utilities and be self-supporting on the basis of user-charges.

(h) Each city and town should have a chief executive officer or municipal manager responsible for carrying into effect the various policy decisions made by the council and—for acting as a policy adviser to council.

(i) The Municipal Affairs Commission should employ a specialist in municipal administration to assist and advise the municipalities. This official should have the power to issue public reports of his findings regarding management practices in individual municipalities.

(j) The Municipal Affairs Commission should supervise municipal elections and plebiscites to ensure that they are conducted in a proper manner.

(k) Municipalities should have no power of their own to make grants or donations, offer tax concessions or otherwise subsidize local industry or commerce, exhibition associations, or charitable, social welfare, educational, cultural, research or religious organizations. These are functions more properly performed by individuals or by the provincial government.

(l) All municipal officers and employees who deal with financial matters should be adequately bonded.

(m) All meetings of the councils of cities, towns and villages should be open and be matters of public record.

(10) The entire province should be brought under community-planning procedures. Outside of areas coming under the jurisdiction of municipal planning agencies, the required planning (including the issuing of building permits) should be carried out by the Munici-
Principal Affairs Commission. The municipalities act should designate appropriate areas adjacent to municipalities to come under the jurisdiction of municipal planning agencies wherever this is required for effective planning.

(11) The province should provide no local services whatever in rural areas, except where suitable arrangements have been made for those receiving the benefits to bear an equitable share of the cost through the taxation of real property. (This of course does not apply to the construction, summer and winter maintenance of the provincial highway system.)

(12) There should be no special grants paid to cities and towns for the construction of roads and streets, including those sections which are part of the provincial highway system, within their boundaries.

(13) Financial responsibility for the Town of Oromocto should rest completely with the federal government, and no provincial government grants or services should be extended to the Town, except where arrangements are made for the province to recover expenditures incurred with respect to the Town.

(14) We recommend that the province assume responsibility for those costs of civil defence programmes which are now borne by municipalities.

(15) (a) There should be a Municipal Affairs Commission consisting of six members, as follows:

(i) The Minister of Municipal Affairs, ex officio;
(ii) five other members to be appointed by the Lieutenant-Governor in Council on the recommendation of the Minister of Municipal Affairs, the appointees to be put forward by a nominating committee which is to be composed of members appointed by such organized representative groups as the Union of New Brunswick Federation of Agriculture, the New Brunswick Chambers of Commerce or Boards of Trade, the New Brunswick Federation of Labour, the New Brunswick section of the Canadian Manufacturers Association, the New Brunswick Medical Society, the New Brunswick Bar Society; and the New Brunswick Institute of Chartered Accountants;
(b) The Lieutenant-Governor in Council should designate one member of the Commission to serve as chairman and another to serve as deputy chairman;
(c) An elected or appointed official of a municipality may not at the same time serve on the Commission.

(16) Once the Commission is in operation, members (other than the Minister) should be appointed for three-year terms and should be eligible for re-appointment. To permit continuity of policy through staggering the terms of the members, the first appointments should be as follows: one for one year, two for two years, and two for three years.

(17) Annually, and if a vacancy occurs through the death or resignation of a member, each of the bodies mentioned in paragraph 15 (a) (ii) above should appoint a member to a nominating committee to assist the Minister in making the required appointments;

(18) The Commission should appoint a permanent secretary to carry out the duties assigned to him by the Commission.

(19) The Commission should also appoint a chief executive officer and officials to head the offices of property assessments, tax collections, supervision of the new villages, administration of the local service districts, administration of provincial community planning, and such other branches or offices as may be established by the Commission for the discharge of the functions and duties assigned to the Commission by the new municipalities act.

(20) The Commission should meet within the province at the call of the Chairman, or at the request of two or more members, provided that there shall be at least one meeting each month. The Commission should establish its own rules of procedure. Members (other than the Minister) and staff should receive such remuneration as may from time to time be determined necessary by the Lieutenant-Governor in Council to attract the services of fully qualified members.

(21) The Commission should assume the powers of the present Department of Municipal Affairs, including those of the Commissioner of Municipal Affairs, and any other powers necessary for its effective operation, and for the carrying out of the supervisory and other functions assigned to it under the new municipalities act.

(22) Personnel employed by the Commission and receiving an annual remuneration of, say, $4,000 or more should be exempt
from the provisions of the Civil Service Act
and should be appointed by the Commission
itself.
(23) The Commission should prepare for
submission to Treasury Board annual
operating and capital budgets to cover all
Commission activities.
(24) Those eligible to vote in all munici-
pal elections and plebiscites should be persons
of at least 21 years of age who:
(a) reside in the municipal area con-
cerned,
(b) are liable for taxes on real
property located within the area and
have no property taxes more than one
year in arrears.
In addition, each corporation which is
subject to property taxes within the munici-
pal area and which has no such taxes more
than one year in arrears should be entitled
to designate an individual of at least 21 years
of age to cast one vote on behalf of the cor-
poration.
(25) To be a candidate for mayor of a city
or town, a person should
(a) be at least 21 years of age;
(b) own real property within the
town or city having an assessed market
value of not less than $10,000, including
business tax assessment;
(c) have no property taxes more than
one year in arrears;
(d) reside in the city or town.
The qualifications for councillors in a
city or town should be the same as for the
mayor, except that candidates need only
possess assessed real property with a market
value of at least $5,000. The qualifications
for members of a board of control in a village
should be the same as for councillors of cities
and towns, except that there should be no
minimum value required for property owned
within the village.
(26) Each city and town should be
governed by a mayor and a council, the
whole to be elected for a two-year term every
two years.
We favour the use of the ward system in
city and town elections, so that:
(a) the mayor is nominated and
elected at large,
(b) one councillor is elected from
each ward, and
(c) one or two councillors are elected
at large as required to yield an even
number of councillors. The deputy
mayor should be the councillor at large
or, if there are two, the one receiving
the larger number of votes.
Persons should vote in the ward in
which they reside. Cities and towns which
do not now have wards should be entitled
to establish not more than six wards for
municipal election purposes.
(27) In the new villages there should be
a board of control consisting of a chairman
and at least two additional members elected
at large. Provision should exist for the num-
ber of members other than the chair-
man to be increased to four or six at the
option of the village by plebiscite subject to
the approval of the Municipal Affairs Com-
mission.
(28) All municipal elections in the prov-
ince should be held as far as possible on
the same day.
(29) Should a vacancy to a municipal
council or board of control occur through
death or resignation, a by-election should be
held, unless a general municipal election falls
within six months of the vacancy occurring.
The power of remaining councillors to fill
vacancies by appointment is undesirable
since it tends to reduce the effectiveness
of resignation as a means of blocking improper
action by councils. Moreover, if any city,
town or village cannot secure a full council
or board of control, the Municipal Affairs
Commission should have authority to admin-
ister the municipality’s affairs until such
time as the municipality does fill all the
positions on council.
(30) Holders of paid appointed municipal
office should not become candidates for
elected office, nor should they be granted
leaves of absence for the purpose of standing
for elections. Similarly, the holder of any
elected office should not be appointed to paid
municipal office during the duration of the
term for which he was elected, even though
he resigns his elected office.
(31) Elected officers in cities, towns and
villages should be subject to a recall pro-
cedure.
(32) No elected representative should be
allowed to contract with the municipality in
which he holds office without full disclosure
and publication of all transactions in a
statement to be released by the council or
board of control each month: Upon summary
conviction for the failure to disclose a
transaction, the representative should be
dismissed and be subject to a fine or impris-
onment. When a charge of such violation
is laid, the person charged should be
suspended from office until the charge is
dealt with. Similar provisions should exist
for those holding paid appointed office and
the rules should extend not only to the elec-
ted and appointed officials themselves but

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also to all persons not dealing at arms’ length with them.

(33) The passage of a plebiscite on municipal matters should require the approval of at least 60 per cent of those who cast their votes. On proposals for amalgamation and annexation, the requirement should be for approval by at least 60 per cent of those voting in each jurisdiction. The Municipal Affairs Commission should conduct a searching investigation of the implications of each proposed change of the municipal status, including incorporations, amalgamations and annexations and should publish and circulate a report of its findings well in advance of the plebiscite on the matters concerned. Plebiscites dealing with incorporations, amalgamations and annexations should be administered by the Municipal Affairs Commission itself. As long as the existing system of municipal subsidy payments is in effect, we recommend that the payments in any area not be increased if that area changes its municipal status. (In Chapter 14, we recommend that all existing payments to municipalities, except a very few stimulation grants, be replaced by a new structure of unconditional equalizing grants.) No special grants-in-aid or similar assistance should be extended as a device to encourage changes in municipal status.

(34) Regarding the proposal to erect a City of Bathurst, we specifically recommend that:

(a) Order - in - Council 63-503 dated July 17, 1963 be rescinded as recommended in our interim report of August 12, 1963;
(b) The Act to Erect the Town of Bathurst into the City of Bathurst, (Chapter 85, Acts of New Brunswick, 1960) be repealed at the next sitting of the legislature;
(c) The present Department of Municipal Affairs or the recommended Municipal Affairs Commission proceed to ascertain all of the facts in any way pertinent to the situation, prepare comments, render advice and publish and distribute such information; and, after a suitable period, conduct plebiscites on the future status of the area proposed for the City of Bathurst in accordance with the general procedures which we have recommended for conducting plebiscites, such a plebiscite to offer a clear choice between complete amalgamation and creation of a metropolitan council;
(d) The provincial government should before any such plebiscites are held, declare the amount of grants or subsidies in aid, if any, that shall be paid by the province to the proposed City of Bathurst;
(e) In the event of the plebiscites favouring the creation of the City of Bathurst, and if our recommendation for a single municipalities act has not been implemented, the Department of Municipal Affairs or the recommended Municipal Affairs Commission should cause a comprehensive city charter to be prepared and enacted for the City of Bathurst.

APPENDIX I TO ‘CHAPTER 12

Text of Amalgamation Bulletin Distributed By Greater Bathurst Amalgamation Committee (The Original Also Included A Map Showing Proposed Boundaries For The City Of Bathurst. This Map Is Not Reproduced Here.)

AMALGAMATION BULLETIN

This special bulletin regarding the coming plebiscite on amalgamation is being distributed by the Greater Bathurst Amalgamation Committee. Please read it carefully so that you will be fully informed on voting procedure and other important facts regarding amalgamation.

What is the date for the plebiscite?
Monday, November 5th.

What will the voting hours be?
From 9:00 a.m. to 6:00 p.m.

Where are the voting stations to be located?
(a) In the Town of Bathurst, residents of Wards 1 and 2 vote in the Town Hall. Ward 3 residents vote in the Smith building, 510 Queen Street.
(b) In East Bathurst, at Thomas Kerr’s, 1121 Miramichi Avenue.
(c) In South Bathurst, at Ray Morrison’s, 1272 King Avenue.
(d) In West Bathurst, at T. S. Hachey & Sons, 1067 St. Peter Avenue.

Who is eligible to vote?

(a) Ratepayers of the Town of Bathurst who are 21 years of age and over, who have been assessed on:
(1) Poll Tax, and/or
(2) Personal property to the amount of $100.00 and upwards, and/or
(3) Real property to any amount —
PROVIDED THAT
Prior to 5:00 p.m., November 2, 1962 POLL TAX and taxes on PERSONAL PROPERTY are paid in full including 1962 assessment, and Taxes on REAL PROPERTY are paid in full up to and including the assessment year 1959.

(b) Ratepayers in the outlying areas who are residents and who are 21 years of age and over.

Can I vote twice, if I pay taxes both in the Town of Bathurst and in the outlying areas?
No, only one vote is allowed, and that is in the area where you have your home.

How many plebiscites are there to be?
Two plebiscites. One in the Town of Bathurst and the other in the outlying areas.

If the answer from both plebiscites is “Yes,” will Bathurst immediately become a city?
No, it will not. The provincial government has the final word on whether we become a city, and the results of the plebiscite will be forwarded to Fredericton. Further action towards city status will depend on satisfying the government that amalgamation will not result in a financial loss to the County of Gloucester.

How were the boundaries of the proposed city established?
The boundaries follow the boundary lines of School Districts 2, 9, 13, 13½, 15, 17, and 18. This procedure was followed on the recommendations of the N. B. Department of Education, which said it would oppose the sub-dividing of any school districts.

Do the outside experts, the VanGinkels, Thomas J. Plunket, H. W. Lea and the Department of Research and Development, Canadian National Railways, favour amalgamation?
Yes. ALL the reports of the outside experts are unanimous in favouring amalgamation.

How will the proposed new city be financed?
There will be separate tax rates because there will be separate budgets. The present town will be taxed in the same manner as at present. The newly incorporated areas will be taxed for those municipal services immediately available to it such as police, fire, civic administration, education, etc., and also to include the service cost of bonded indebtedness presently existing. As city services are extended into the newly incorporated area, tax rates will be adjusted to cover the services performed and the progress of the work.

What about the $150,000 that has been requested from the provincial government as a special yearly grant?
The Government of New Brunswick has deferred this grant but a precedent has been set when Parkton was amalgamated with the City of Moncton when a grant-in-aid was authorized by legislation. It is believed the Government must follow its own precedent and assist the proposed new city during the period of adjustment.

When can water and sewage services be expected in the new areas?
At least a year of surveys, mapping and planning will be required before any water and sewage extensions can be expected. Thereafter the extension of them will depend on urgency, available funds, population density, fair distribution, and similar factors. It is expected that master plan and capital program would be projected as early as possible in a long-term program, with as much work done each season as the above considerations would permit.

How will amalgamation affect schools?
There would be very little immediate effect, other than that the schools in Districts 9, 13, 13½, 15, 17, and 18 would be placed under the jurisdiction of Bathurst District No. 2. District No. 2 has stated its policy on amalgamation as follows:

1. Students who now find their own means of transportation to and from school will continue to do so.
2. Schools in the outlying areas will remain at their present locations, and there will not be any immediate change in the number of grades taught there.
3. The addition to Shop and Home Economics facilities, or the provision of special teachers in such subjects as music and physical education, would take place over a five to ten year period.
4. Salaries of principals and teachers in the outlying schools would be raised gradually, over a five year period, to the level of salaries paid in District No. 2.
5. The present policy of District 2 is to engage lay principals, (but this could not affect continuing contracts that are now in force).
6. Where school facilities are not owned by the school district, operating arrangements would be subject to review and acceptance by the District 2 board of trustees.
7. During a 10 year transition period the number of trustees on the District 2 school board would be increased from eight to nine. Six of the trustees would be elected from the present District No. 2, and one each would be elected from the areas to be amalgamated in East, South, and West Bathurst.
What about representation?
Under legislation enacted in 1960 by the Provincial Government, the aldermen-at-large in the present form of Town government shall be the representatives of the newly incorporated areas, and will remain so until a new form of City Government has been approved by the Provincial Government in the form of an Act setting up a charter for the proposed new City of Bathurst.

How do city grants now available compare with Town and County grants?
Allocation of grants to the various municipal units in the year 1961 were as follows:

- Cities: $20.72 per person
- Towns: $12.70
- Villages: $8.42
- Counties: $4.99

SAMPLE BALLOT

AMALGAMATION BALLOT

Town of Bathurst
New Brunswick
1912

IF IN FAVOR
STROKE OUT THE WORD

NO

IF NOT IN FAVOR
STROKE OUT THE WORD

YES